AN APPRAISAL OF

A MIXED USE PROPERTY

"EAGLE MOUNTAIN RV SALES & RED MOUNTAIN RV STORAGE"

PARTIAL TAKING

LOCATED AT

8901-8925 EAST APACHE TRAIL & 102 SOUTH 90TH STREET

MESA, ARIZONA 85208

Project:	**RAM 600-7-804/202L MA 000/H540101R**
Highway:	**RED MOUNTAIN FREEWAY**
Section:	**Higley – US 60 (University – Southern Segment)**
Parcel:	**7-08997**
Date Of Value:	**June 10, 2005**

PREPARED FOR

ARIZONA DEPARTMENT OF TRANSPORTATION

205 SOUTH 17TH AVENUE, ROOM 309, MAIL DROP 612E

PHOENIX, ARIZONA 85007-3296

PREPARED BY

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6229AL05

Nagy Property Consultants, Inc.
Real Estate Appraisal • Investment Analysis

June 17, 2005

Mr. Steve Troxel, Contract Management Specialist
Arizona Department of Transportation
Right of Way Operations, Consultant Contracts
205 South 17th Avenue, Room 309, Mail Drop 612E
Phoenix, Arizona 85007-3296

Re:	**Mixed Use Property, Partial Taking**	
	"Eagle Mountain RV Sales & Red Mountain RV Storage"	
	8901-8925 East Apache Trail & 102 South 90th Street	
	Mesa, Arizona 85208	
	Project:	**RAM 600-7-804/202L MA 000/H540101R**
	Highway:	**RED MOUNTAIN FREEWAY**
	Section:	**Higley – US 60 (University – Southern Segment**
	Parcel:	**7-08997**

Dear Mr. Troxel:

At your request and authorization, I have prepared a Limited Appraisal analysis, in a summary format, on the above referenced property. The intended use is to provide an estimate of Market Value of the Fee Simple Estate of the property to be acquired as a partial taking, to accommodate a right-of-way project per Eminent Domain proceedings. The report is restricted to this use. The date of valuation is **June 10, 2005**. The report is Limited to the extent that it does not address value potential of site improvements, except for those within the taking area or directly impacted by the take, as a USPAP departure (SR1-4f). This occurs because a majority of the on-site building improvements are not considered to be adversely impacted by the proposed partial taking, or have minimal contributing value because existing use of portions of the property are inconsistent with the estimated highest and best use of the property before the take. The intended users of this report are the client as the potential buyer, and any court that may have jurisdiction in this matter. As a restricted report, its use is limited to its intended and stated purpose for the client and immediately affiliated parties. Anyone else using the appraisal report is an unintended user. The report is not to be distributed to, or used by others, without written consent of Nagy Property Consultants, Inc.

The attached report, of which this letter is a part, is to be read in its entirety. It contains information relevant to the general location of the subject property, a description of the larger parcel, the proposed acquisition, the remainder parcel, market trend information, comparison market data, etc., used in forming an opinion of value, and used as the basis of estimating market value of the property and the before and after taking situations. This information, along with consideration of potential severance damages, special benefits, and other factors, is the basis of estimating the value and compensation for the taking. Based on my analysis, it is our considered opinion that the estimated value (compensation) associated with the taking was $1,528,000.

This appraisal was completed based on the appraiser's understanding of guidelines established by the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP), adopted by the Appraisal Standards Board of the Appraisal Foundation, and the Right of Way Appraisal Policies & Procedures Standards & Specifications of the Arizona Department of Transportation. The methodology is subject to certain allowable departures from USPAP, per jurisdictional exception of the client. The appraiser is not aware of environmental problems related to the property, however, the firm is not qualified to detect the presence of hazardous or environmentally objectionable substances in the property, which may influence marketability and value.

The above value estimate is subject to the Limiting and Contingent Conditions contained herein, and to any special considerations or assumptions contained in the report, particularly those listed beginning on page 30. Use of this report by the client or any other party, for any purpose, constitutes acceptance of the Limiting and Contingent Conditions, and further, terms relating to the authorization of the assignment between the appraiser and the client. I was assisted in the preparation of this report by Howard Marshall, primarily in a real estate research function.

Cordially,

Steven E. Nagy, MAI
Arizona Certified General Appraiser 30136

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LIMITING AND CONTINGENT CONDITIONS

This appraisal report is subject to the following Limiting and Contingent Conditions:

1. The title is assumed to be held in fee simple, and is good and merchantable. All mortgages, liens, encumbrances, restrictions and servitude have been disregarded unless so specified within the report. No separate consideration has been given to a division of fractional interest, partial interests, or interests of tenants in possession and mortgage holders, excepting as specifically otherwise noted. The property is appraised as though under responsible ownership and competent management, and available for its highest and best use.

2. The appraiser carries no responsibility for legal matters connected with the subject property. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements are made a reasonable time in advance for such additional employment.

3. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.

4. Information furnished by others is assumed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser. The appraiser reserves the right to make such adjustments to the valuation herein reported, as may be required by consideration of additional data or more reliable data that may become available.

5. The appraisers assume no responsibility for economic or physical factors which may affect the opinions herein stated occurring at some date after the date of valuation.

6. Maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purposes, nor should they be removed from, reproduced, or used apart from this report.

7. That no opinion is expressed as to the value of subsurface oil, gas, or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials except as is expressly stated.

8. That no opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by a real estate appraiser.

9. That no detailed soil report covering the subject property was available to the appraisers. Therefore, premises as to soil qualities employed in this report are not conclusive. It is assumed that structures can be supported without major soil preparation cost or unusual foundation costs except to the extent considered in cost estimates in this report.

10. Disclosure and discussion regarding property zoning are limited to information available in currently published and readily available zoning maps and zoning ordinances.

11. It is assumed that all required licenses, permits, zoning, clearances, use clearances,

consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

12. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.

13. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the appraiser. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without written consent of the appraiser.

14. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.

15. If the property has improvements in place, it was assumed to be improved as described herein, in accordance with properly executed plans and specifications. The physical condition of any existing improvements described herein, are based on limited visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the conditions of mechanical equipment, plumbing or electrical components since complete tests were not conducted.

16. No consideration has been given in this appraisal as to the value of any personal property located on the premises, or the cost of moving or relocating such personal property; only the real estate has been considered for valuation.

17. That no warranties are made by virtue of this appraisal as to health and safety problems which may exist or which future evidence may show exists as a result of use of potentially hazardous or substandard material used in the construction or maintenance of the building, except as noted otherwise. The appraiser is not qualified to detect such substances as formaldehyde foam insulation, toxic waste, and/or the existence of asbestos materials which may be present on the property, or adjacent properties. Furthermore, the appraiser is not qualified to conduct a soil or material analysis to detect the possible presence of environmental contaminants at, below, or above the land surface of the site, or from external sources. Known existence of these substances or contaminants may adversely influence property value, and create liability for past, present and future owners and/or tenants. The appraiser accepts no responsibility for these items, or their ramifications on liability, marketability or value. Should the client or any other interested party have concern over the existence of such substances he is urged to retain the services of a qualified, independent engineer or contractor to determine the extent of the condition, and the cost of any required or desired treatment or removal. The cost must be borne by the client or owner of the property, but has not been considered in

the valuation contained herein.

18. It is assumed that the utilization of the land and any improvements is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless noted within the report.

19. If improvements are addressed in this report, the distribution of the total valuation between land and improvements applies only under the reported highest and best use of the property. The allocation of value between land and improvements applies only under the program of property utilization presented, and is invalidated if the appraisal is used for any other purpose or function.

20. The appraiser cannot predict or evaluate potential effects of future wage or price control actions of the government upon rental income or financing of the subject property. It is assumed that no controls will apply which would impact the ability of the property to achieve market revenue, or nullify contractual agreements.

21. Virtually all land in Arizona is affected by pending or potential litigation by various Indian tribes claiming superior water rights for their reservations. The amounts claimed and the effects on other water users are largely undetermined, but the claims could result in some curtailment of water usage or ground water pumping on private land.

22. <u>Statement of Policy.</u> The following statements represent official policy of the *Appraisal Institute* with respect to neighborhood analysis and the appraisal of residential real estate:

    (a) It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic, or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.

    (b) Racial, religious, and ethnic factors are deemed unreliable predictors of value trends or price variance.

    (c) It is improper to base a conclusion or opinion of value, or a conclusion with respect to neighborhood trends, upon stereotyped or biased presumptions relating to race, color, religion, sex, or national origin, or upon unsupported presumptions relating to the effective age or remaining life of the property being appraised or the life expectancy of the neighborhood in which it is located.

23. This appraisal assumes the subject property complies with the requirements of the *ADA, Americans With Disabilities Act*. The appraiser is not qualified to analyze the existing or proposed improvements based on ADA compliance, or the reasonableness relating to modification to create compliance. The value estimate is predicated on the assumption that there is no lack of compliance that would cause a loss in value.

24. This appraisal assumes the subject property, as vacant or as improved, has no historical or archeological significance, unless specifically stated in the report. The value estimate is predicated on the assumption that no such condition exists which would restrict or enhance property rights associated with the property.

25. The projections of income and expenses, including reversion at the time of resale, are not predictions of the future. Rather, they are the best estimate of current market thinking of what future trends may be. No warranty or representation is made that these projections will actually materialize. The real estate market is constantly fluctuating and changing. It is not the task of the appraiser to determine the conditions of future real estate markets, but rather to monitor, analyze, reflect and report what the consensus of the investment community envisions for the future, and upon what assumptions investment decisions are based.

26. Use of the appraisal report by the client, or any other party, for any purpose, constitutes acceptance of the Limiting and Contingent Conditions, and terms relating to authorization or instructions of the appraisal/consulting assignment between the appraiser and the client. Liability of the appraiser, if any, relating to this assignment is limited to the fee paid for services rendered.

APPRAISAL SUMMARY

PROPERTY LOCATION:	8901-8925 East Apache Trail & 102 South 90th Street, Mesa[1], Arizona
PROJECT/OWNER:	Red Mountain Freeway, Partial Acquisition Parcel: 7-08997 Owner: Fred T. Ash & Sons, L.C.
PROPERTY TYPE:	The "Larger Parcel" as analyzed within this report consists of, "Eagle Mountain RV Sales & Red Mountain RV Storage", situated on a land parcel of 30.496 acres, zoned C-3 and R-43, by Maricopa County.
PURPOSE:	To estimate Market Value, as defined herein, of the Fee Simple Estate of the subject land, with consideration of impact from damages or special benefits on the remainder parcel; to provide an estimate of compensation due to the property owner as a result of the taking.
DATE OF INSPECTION:	May 13, 2005 and June 10, 2005
DATE OF VALUE:	June 10, 2005
HIGHEST AND BEST USE:	Combined Commercial Use, and Residential Redevelopment Use (prior to the take)
ASSESSOR PARCEL NO.:	218-41-278A 218-41-280C 218-41-280D
CENSUS TRACT:	4226.04
FLOOD ZONE:	Zone X

[1] Subject parcel is located in an unincorporated county island, but is with the planning jurisdiction of the City of Mesa.

SUMMARY OF CONCLUSIONS:

Estimated Value of the Whole Property	$ 4,015,000
Value of the Taking, as part of the whole	$ 1,367,000
Estimated Remainder Parcel Value, as part of the whole	$ 2,648,000
Estimated Remainder Parcel Value, after Acquisition	$ 3,592,000
Severance Damages[1]	-0-
Estimated Value of the Taking	
Value of the Taking, prior to adjustments	$ 1,367,000
Severance Damages	-0-
Subtotal Compensation Estimate	$ 1,367,000
Less: Special Benefits	-0-[2]
Subtotal Estimated Value of the Taking (Land)	$ 1,367,000
Ingress/Egress Easement	$ 9,000
Drainage Easement	$ 11,000
Temporary Construction Easement	$ 8,000
Improvements Compensation	$ 12,000
Cost to Cure	$ 121,000
Total Compensation Estimate	$ 1,528,000

[1] Estimated Remainder Parcel Value, as Part of the Whole, Less the Remainder Parcel Value, After Acquisition. A negative result effectively indicates no severance damages.

[2] Special Benefits may exist, but do not have a bearing on the compensation estimate because they offset only severance damages which do not exist in this analysis; Special Benefits do not offset compensation for the part taken.

FRONT VIEW OF EAST COMMERCIAL USE PORTION OF
THE LARGER PARCEL AT 8925 EAST APACHE TRAIL

FRONT VIEWS OF CENTER COMMERCIAL USE PORTION
OF THE LARGER PARCEL AT 8901 WEST APACHE TRAIL

FRONT VIEW OF THE UNDEVELOPED COMMERCIAL USE LAND PORTION
OF THE WEST PORTION OF THE LARGER PARCEL, ALONG APACHE TRAIL

VIEW LOOKING EAST ON THE EASTBOUND SIDE OF APACHE TRAIL (MAIN STREET), SUBJECT PROPERTY ON THE RIGHT

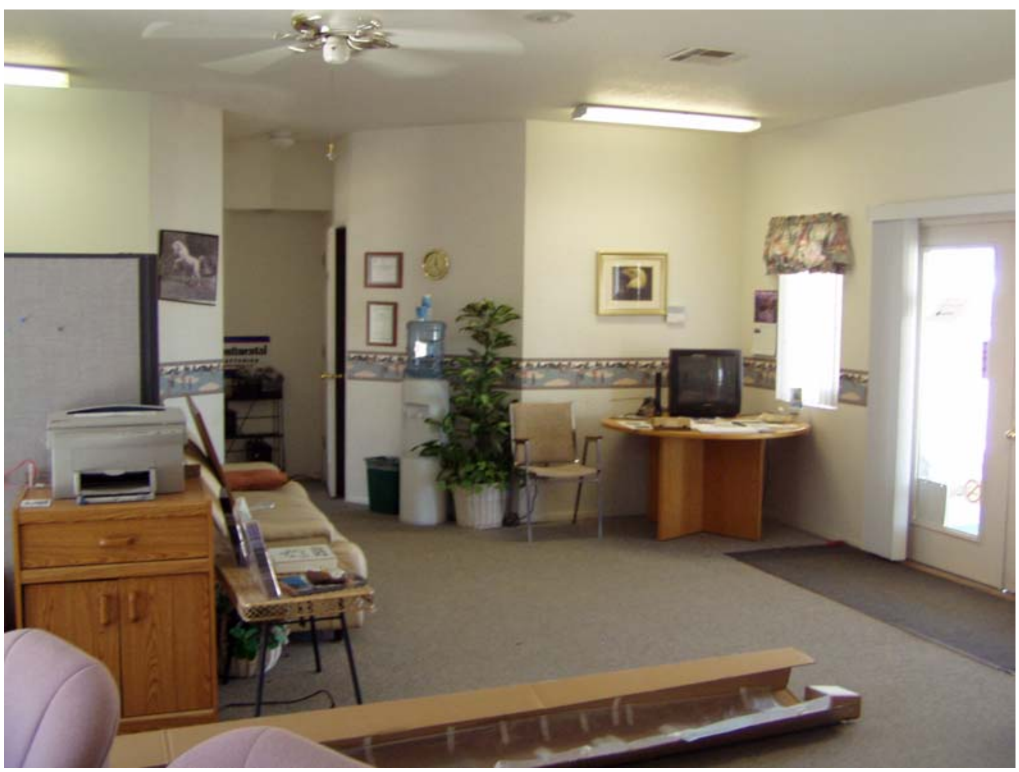
VIEW LOOKING WEST ON THE WESTBOUND SIDE OF APACHE TRAIL (MAIN STREET), SUBJECT LARGER PARCEL ON THE LEFT

VIEW ALONG THE STREET FRONTAGE PORTION OF THE LARGER PARCEL
FOR THE 8925 APACHE TRAIL SEGMENT OF THE PROPERTY

VIEWS OF THE STREET FRONTAGE SEGMENT PORTIONS OF THE LARGER PARCEL, AT THE 8901 PORTION OF THE OVERALL PROPERTY

VIEWS OF THE BUILDING IMPROVEMENTS (MOVEABLE) AT THE
8925 APACHE TRAIL SEGMENT OF THE PROPERTY

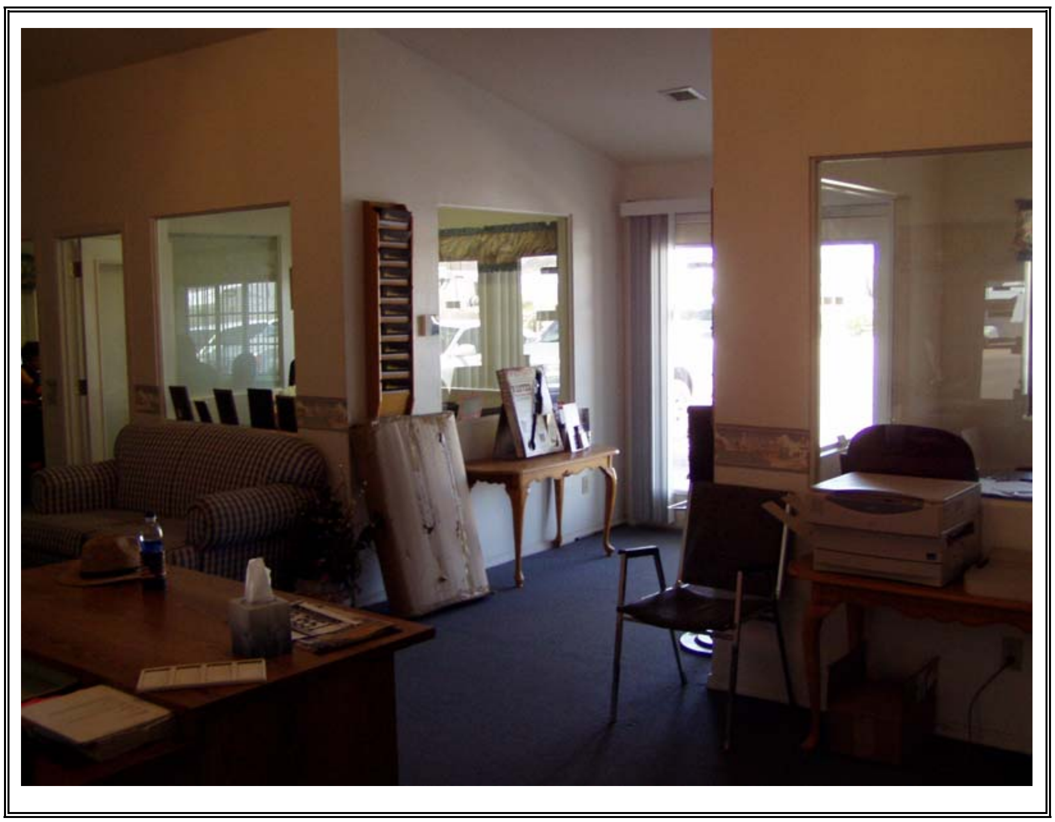
INTERIOR VIEW, MOVEABLE BUILDING AT 8925 EAST APACHE TRAIL



REAR BUILDING SHELTER IMPROVEMENTS
AT 8925 EAST APACHE TRAIL

VIEW OF BUILDING IMPROVEMENTS AT THE
8901 APACHE TRAIL SEGMENT OF THE LARGER PARCEL

INTERIOR VIEWS OF THE BUILDING IMPROVEMENTS AT
8901 EAST APACHE TRAIL



VIEWS OF MOVEABLE STORAGE STRUCTURES AT THE REAR PART OF THE 8901 APACHE TRAIL SEGMENT OF THE LARGER PARCEL

SOUTHWEST LOT VIEW AT 8901 APACHE TRAIL

FRONT ENTRANCE VIEW AT 8901 APACHE TRAIL

VIEW OF THE APPROXIMATE AREA OF THE TAKE, AT THE
8925 APACHE TRAIL SEGMENT OF THE LARGER PARCEL

VIEW OF A PORTION OF THE TAKE AREA, AT THE SOUTHEAST PORTION
OF THE COMMERCIAL SEGMENT OF 8925 APACHE TRAIL

VIEW LOOKING SOUTH ON 90TH STREET,
LARGER PARCEL ON THE RIGHT

VIEW LOOKING NORTH ON 90TH STREET,
LARGER PARCEL ON THE LEFT

VIEWS OF THE VACANT UNDEVELOPED SOUTH PORTION OF THE LARGER PARCEL, LOOKING WEST FROM 90TH STREET

VIEW OF THE VACANT UNDEVELOPED SOUTH PORTION OF THE LARGER PARCEL, LOOKING EAST FROM THE WEST PORTION OF THE PROPERTY

VIEW LOOKING NORTH AT THE WEST UNDEVELOPED PORTION OF THE LARGER PARCEL, INCLUDING RETENTION AREA USED FOR THE RV STORAGE FACILITY, LOOKING NORTH

VIEW LOOKING WEST ALONG THE EASEMENT DRIVEWAY ENTRANCE
TO THE RV STORAGE AREA, FROM 90TH STREET

VIEW OF THE FENCED AREA AS THE RV STORAGE AREA,
LOOKING NORTHWEST FROM 90TH STREET

VIEWS OF THE RV STORAGE FACILITY, LOOKING
WEST AND SOUTH FROM THE ENTRANCE AREA

VIEW OF ON-SITE MANAGER MOVEABLE TRAILER
AND STORAGE AREA, AT THE RV STORAGE FACILITY

VIEWS OF THE ENTRANCE AREA AT THE RV STORAGE FACILITY

VIEWS OF DIRT ROADS AND STORAGE AREAS, AT THE RV STORAGE FACILITY

INTRODUCTION

Property Identification

The property appraised (the Larger Parcel) is a partially improved land parcel located at 8901-8925 East Apache Trail & 102 South 90th Street, Mesa[1], Arizona. This property is referred to as the subject property or the larger parcel within this report.

Intended Use of the Report, Intended Users:

The intended use of this report is to provide an estimate of Market Value of the Fee Simple Estate of property to be acquired as a partial taking, to assist in acquisition negotiations, to accommodate a right-of-way project. The estimate of market value is utilized as a basis of an estimation of compensation due to the property owner, as the result of proposed partial acquisition of the property. The report is restricted to this use. The effective date of value is June 10, 2005. The intended user of this report is the Arizona Department of Transportation, as the client and potential purchaser, and any court that may have jurisdiction in this matter.

Definitions:

"Market Value[2]" as used in this report, is defined as:

> The most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.

The Fee Simple Estate is defined as:

> "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations and imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Source: *Dictionary of Real Estate Appraisal*, page 113 (Appraisal Institute, Chicago, Illinois 2002).

Additional definitions utilized in this report are consistent with those indicated in the *Dictionary of Real Estate Appraisal* published by the Appraisal Institute, 2002.

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[1] Subject parcel is located in an unincorporated county island, but is with the planning jurisdiction of the City of Mesa.

[2] *Arizona Revised Statute*, 28-7091, Rules and Regulations, 12 CFR Part 34.42(f).

Scope of the Appraisal

To accomplish the stated purpose of the appraisal, the appraiser has conducted a field inspection of the subject property and surrounding neighborhood, collected and considered pertinent demographic, economic, governmental and environmental data, analyzed supply, demand and absorption trends and the effect of these forces on the subject property, and have collected, confirmed and analyzed pertinent market data necessary for the conclusion of value. Information in the Location Overview was compiled from many sources, including *Blue Chip Economic Forecast, Arizona Statistical Review, Arizona Business, Inside Metro Phoenix*, The Arizona Republic/The Phoenix Gazette, *Arizona Community Profiles*, and a variety of other publications including those from Grubb & Ellis, and CB/Richard Ellis Commercial Real Estate Services. Other statistical data sources utilized throughout the report include the *Phoenix Metro Housing Study, Apartment Insights* by Real Data, Inc., *The Director of Shopping Centers,* the *Office Market Survey and Industrial Market Survey,* by CB Richard Ellis, *Phoenix Metropolitan Area Commercial Reports,* prepared by the Arizona Real Estate Center of the Arizona State University College of Business, in association with Pricewatershouse Coopers, LLC, plus additional statistics published by commercial real estate brokerage firms, such as Grubb & Ellis Co., Lee & Associates, Cushman & Wakefield of Arizona, Inc, Colliers International, and others.

The appraisal report is Limited to the extent that it does not address value potential of site improvements, except for those within the taking area, or directly impacted by the take, as a USPAP departure (SR1-4f). This occurs because a majority of the on-site building improvements are not considered to be adversely impacted by the proposed partial taking, or in the case of the RV storage operation, have minimal contributing value because existing use of the property is inconsistent with the estimated highest and best use of the property before the take.

The Site Description and Improvement Description analysis, is based on an on-site inspection of the property, along with review of assessor maps, and other exhibits such as right-of-way exhibits provided by the Arizona Department of Transportation. The Highest and Best Use analysis considers market influences from a variety of perspectives. Market data was confirmed by examination of public recorded documents, such as Affidavit of Value, Deed, or Recorded Mortgage as indicated, as well as interviews with market participants whenever possible. The report considers information potentially derived from the Cost Approach, Income Approach, and Sales Comparison Approach, in estimating value for the property. The Sales Comparison Analysis, analyzing land value, is the primary method of estimating value for the Larger Parcel, and remainder parcel, as a basis for an opinion of value and compensation.

This appraisal analysis and conclusion are subject to various assumptions, beyond those within the Limiting and Contingent Conditions, as follows. The conclusions of this report are subject to change, if the assumptions change, or are not valid.

1. Land size calculations are derived from a combination of owner sources, client sources, and assessor records, which vary in total area figures. For the purposes of this analysis, area calculations provided by ADOT, net of existing right of way, are assumed accurate, and are used in this report. These are subject to clarification by complete survey. Partial survey and site exhibit information from the owner is incomplete, and was not used as the primary source of area calculation for this report.
2. The larger parcel is currently segregated in use and zoning between a north segment

fronting along Apache Trail, zoned for commercial use, and the balance zoned for low density residential use, with a portion of the residential use area allowing RV storage use. Based on a consistency of land uses and zonings in this local area, it is reasonable to consider that the north segment of the property would likely remain compatible for commercial uses, and the south segment is likely to be compatible for moderate density residential use. Within this appraisal the two basic segments of the property are analyzed separately, identified herein with in the Site Description, and other portions of the report as north Segment A, and the balance as Segment B. Alternatively, in the after take analysis, the anticipated land use is based on the land plan and land use guidelines of the City of Mesa, via the City of Mesa General Plan. The General Plan recognizes the anticipated traffic patterns and traffic intensity impact of the proposed Red Mountain Freeway alignment adjacent to the subject property, and potential commercial and high density uses of the remainder parcels. This differs somewhat from the land use pattern considered compatible before the take. The General Plan does not apply to analysis of the larger parcel before the taking, because the larger parcel is analyzed as if the influence of the freeway alignment and construction did not exist, as this is the project for which the site is to be acquired.

3. The subject site is currently improved with two Recreational Vehicle (RV) sales lots on a majority of the north segment with both sale lots occupied by a single tenant. In addition, a RV storage lot utilizes a 9.9-acre portion of the south segment of the larger parcel. In the before taking situation, the existing RV sales lot use is a reasonable use for the north segment of the overall property, zoned for commercial use. This portion of the site is leased on a month to month basis at a rate which provides reasonable financial return to land value. The building improvements which are situated on this site are of very low intensity. It is the appraisers opinion that existing use remains as a practical use of the site after the tax even if on an interim basis, even if one of the access driveways is eliminated. The change in access pattern (one main driveway versus two) is less desirable, but is not considered to be of serious consequence to the operation of the sales lot business by the tenant. As a practical matter, this commercial use component of the remainder parcel has enhanced marketability and value potential compared to the commercial use area of the larger parcel, per explanations in the valuation segments of this report. The RV sales lot use can be continued as a use for the remainder parcel, but no longer represents a practical highest and best use. Alternatively, commercial redevelopment use will most likely generate a superior return on investment. With this in mind, it is appropriate to analysis this portion of the site (Segment A) in a limited appraisal format, analyzing land value, along with potential value of miscellaneous improvements which are located within the taking area.

   The existing RV Storage use (operating as Red Mountain RV Storage) is situated on approximately 9.9 acres of the south portion (Segment B) of the property. Analysis of the existing and potential net operating income of the storage lot indicates that this use does not generate sufficient net revenue to justify continued long term operation of the facility. This use does not represent Highest and Best Use of the south segment of the larger parcel, before the take. This use provides interim income to the owners, however the highest and best use of the south segment of the larger parcel is estimated to be for residential redevelopment. Based on this conclusion, the existing fencing and other miscellaneous improvements associated with the RV storage have minimal if any contributing value to the overall property value. Therefore, the value associated with fencing and other miscellaneous improvements of the RV storage site are not addressed in this appraisal analysis.

4. Some of the existing site improvements consist of movable modular buildings, a travel trailer used as caretaker housing and office, and movable storage structures, temporarily mounted on concrete piers. These are regarded as personal property items, and are not considered in the analysis of the real property.

Owner Contact

A letter was written to the owner of record, per information provided by the client, and information indicated on the county assessor's records. The letter informed the owner of the appraisal analysis, and invited the owner to contact the appraiser to provide relevant property information. The appraiser met on-site with Mr. Pat Fanello, a representative of the property owner, and explained the project. Mr. Fanello provided copies of leases and financial statements for the RV Storage operation to the appraiser.

Environmental Considerations

Unless otherwise stated in this report, the existence of hazardous substances including, without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the properties, or other environmental conditions, were not called to the attention of, nor did the appraiser become aware of such, during the appraiser's inspection. The appraiser is not qualified to test for hazardous substances or conditions. For the purpose of this report, it is assumed the subject property is free of any environmental problems that may impact marketability or value.

Project Influence Premise

Any influence in valuation prior to the date of valuation, caused by the public use project for which the subject property is to be acquired, is considered in this appraisal. However, the effect of these influences, if any, is disregarded in the valuation of the subject property, pursuant to Arizona Revised Statutes 28-7097, which states:

> "In acquiring property for transportation purposes pursuant to this article, when determining the market value of the property to be taken and the market value of the remainder, if any, in the before condition, a decrease or increase in the market value of the real property before the date of valuation caused by the public project for which the property is to be acquired or by the likelihood that the property would be acquired for the project shall be disregarded."

Signs

The appraiser has visually inspected the subject property, specifically relating to the presence of signs. One pole-mounted sign at the Apache Trail side of the property appears to be within or near the take area. It is assumed that compensation for sign replacement or relocation will be made independent of the conclusion of this report.

Identification of the Larger Parcel

The concept of identifying the “Larger Parcel” as the subject property within this appraisal is based on analytical testing of its unity of use, unity of title/ownership, and contiguity. Conceivably, a ‘larger parcel’ may be all of one parcel, part of a parcel, or several parcels combined. In this particular case, the larger parcel identified in this report consists of a partially improved land parcel of approximately 30.5 acres, improved with the RV Sales lots, and a RV Storage facility. This property appears to have coordinated unity of use for segments of the north segment of the property, and potentially consisting of redevelopment use for the south segment. The overall property has unity of ownership. This overall parcel is identified as the larger parcel within this analysis, but is separated into different use segments for analysis purposes. The property is appraised as if it will be acquired as a partial taking.

LEGAL DESCRIPTION

The appraiser was provided with a legal description of the subject property, by the Arizona Department of Transportation, within a title report. A copy is provided in the addenda of this report.

PROPERTY SALE AND OPERATION HISTORY

An investigation of the subject property involving ownership transfers within the previous five years was conducted utilizing sources deemed reliable by the appraiser. No arms length transactions are known to have occurred during that time period. The ostensible owner of record is Fred T. Ash & Sons, L.C.

The larger parcel is split up for several uses, and also includes vacant land. The north segment is improved as two, side-by-side Recreational Vehicle (RV) display and sales lots, while the middle segment of approximately 9.9 acres is used as a 378-space RV storage lot. The RV sales lots are leased to an independent business (one tenant occupies both lots), and the RV storage lot is operated by the property owner, and managed by one of their business partners.

The RV sales lot tenant is a business entity called Eagle Mountain RV Sales, Inc. Two leases exist, summarized below. Both are gross leases, where the tenant pays a base rent, plus sales tax, pays for his utilities and liability insurance, and provides for property maintenance. The property owner pays other property operating expenses, such as property taxes, and casualty insurance.

	8901 E Apache Trail (West)	*8925 E Apache Trail (East)*
Commencement Date:	March 1, 2004	April 1, 2003
Lease Term:	Month to Month	One Year, then mo. – mo.
Parcel Size:	83,000 s.f. (approx.)	70,812 s.f. (approx.)
Monthly Lease Rate:	$3,700	$3,200

LOCATION OVERVIEW

State of Arizona

Arizona is located in the southwestern portion of the United States, contiguous to the states of California, Nevada, Utah, and New Mexico, and also borders the country of Mexico to the south. The state population was 5,130,632 persons as of the 2000 census, and the state land area is 113,909 square miles. The population density at 45 persons per square mile ranks it among the least densely populated states in the United States, in contrast to ranking 6th of 50 in total land area, and 20th in total population. Arizona ranks as the second fastest growing population state in the nation since 1990 (increasing 40% from 3,665,228 persons, averaging 3.4% per year), and has been among the leaders in percentage job growth and other relative growth categories. The state population has doubled between 1978 and 2000, compared to a 26% national increase during that time period. Arizona is expected to maintain a very high ranking for growth for the current decade.

The state is roughly divided on a northwest to southeast diagonal between the warm deserts south of the diagonal, and the high plateaus and mountains north of the diagonal. The high country winters are cold, the summers cool and pleasant. In the south-central portion of the state, where 85 percent of the people live, winters are warm and pleasant, and the summers hot and dry. Air conditioning of homes, offices, stores, and automobiles provides comfortable desert living year-round.

Population concentration has historically primarily occurred within the Phoenix and Tucson metropolitan areas, comprising approximately 58% and 18% of the state's total residents. These areas are expected to retain this dominant position because of established nature of the physical infrastructure, established economic mix, availability of privately owned land and housing opportunities, plus the attraction of existing resort facilities, retirement communities and warm climate. Satellite city areas such as Flagstaff in the north, Casa Grande between Phoenix and Tucson, and Yuma, in the southwest part of the state will continue to grow at moderate rates because of their unique appeal due to geographic proximity, tourism, physical characteristics, or a combination of all these factors.

ITEM NO. 56810

Phoenix Metropolitan Area

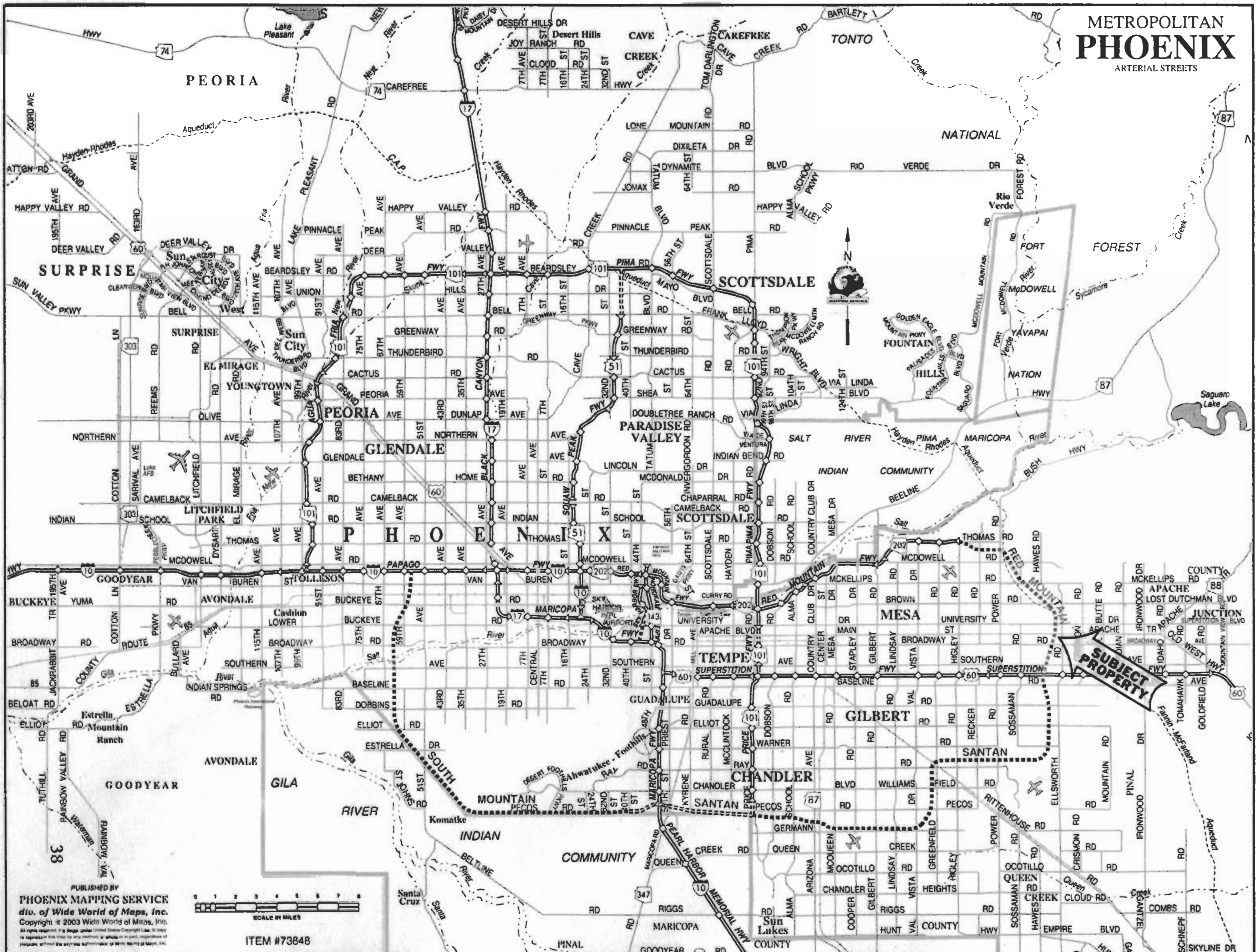
Location, Population, Employment and Economic Characteristics

The subject property is located in the southeast portion of the Phoenix metropolitan area, within the City of Mesa. Mesa is a city of approximately 450,000 persons, located in the southeast portion of the metropolitan area. Phoenix is the state capitol, and dominant city in this region, with a population of approximately 1,400,000 persons, ranked as the fifth largest U.S. city. The entire metropolitan area, consisting of Phoenix and the peripheral communities of Glendale, Peoria, Sun City, Scottsdale, Paradise Valley, Goodyear, Avondale, Tempe, Mesa, Chandler, and Gilbert, has an estimated total population of approximately 3.4 million persons. All of these communities are located in Maricopa County, and comprise approximately 95% of the population of the county. Census Bureau statistics in 2000 indicate that Maricopa County had a population increase of approximately 950,000 in the 1990's time period, which was the fastest growth rate for the largest counties in the United States in that period, and second in total population gain. Studies by the Arizona Department of Economic Security indicate that the metropolitan area population is projected to continue to increase at a rate of 2.4-3.0% per year in the current decade. This active growth rate will result in Phoenix maintaining a position among the top five growth areas on a national basis. The following chart summarizes statistics relating to population for Arizona and Maricopa County (the Phoenix metropolitan area).

YEAR END POPULATION TOTALS AND PERCENT CHANGE

Year	Arizona		Maricopa County	
1989	3,681,000	2.4%	2,146,000	2.7%
1990	3,772,000	2.5%	2,205,000	2.7%
1991	3,866,000	2.5%	2,259,000	2.4%
1992	3,974,000	2.8%	2,325,000	2.9%
1993	4,099,000	3.1%	2,404,000	3.4%
1994	4,234,000	3.3%	2,489,000	3.5%
1995	4,363,000	3.0%	2,569,000	3.2%
1996	4,438,000	3.2%	2,621,000	3.7%
1997	4,570,000	2.9%	2,706,000	3.2%
1998	4,864,000	3.3%	2,794,000	3.3%
1999[1]	5,017,000	3.1%	2,995,000	3.6%
2000	5,169,000	3.0%	3,097,000	3.4%
2001	5,321,000	2.9%	3,194,000	3.1%
2002	5,468,000	2.8%	3,289,000	3.0%
2003	5,615,000	2.7%	3,382,000	2.8%
2004 (Forecast)	5,772,000	2.8%	3,480,000	2.9%
2005 (Forecast)	5,939,000	2.9%	3,581,000	2.9%

[1]With adjustment for census data.
Source: Arizona State University, W P Carey School of Business, Bank One Economic Outlook Center


METROPOLITAN
PHOENIX
ARTERIAL STREETS
SUBJECT PROPERTY
PEORIA
SURPRISE
GLENDALE
PHOENIX
SCOTTSDALE
PARADISE VALLEY
TEMPE
MESA
GILBERT
CHANDLER
GOODYEAR
AVONDALE
TONTO
NATIONAL
FOREST
SALT RIVER INDIAN COMMUNITY
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SCALE IN MILES
ITEM #73848

A breakdown of the metropolitan area population statistics[1] indicates that the number of households is 1,132,886 as of 2000. The overall median age of the population is 33.0 years (versus the national average of 33.4 years), and the median adult age for the population is 41.4 years. Twenty-seven percent of the population is comprised of children under 18, and 17% is retired. The median household income is approximately $45,358 per year. Fifty-nine percent of the adult population has resided in the metropolitan area for more than ten years, while 25% has lived here five years or less. Fifty-five percent of the adult population is married. Eighty-three percent of the adults are high school graduates, while 26% are college graduates. Sixty-three percent of the population owns homes with an overall median home value of approximately $129,200. The housing prices are approximately 6% below the national average.

The extraordinary growth of the metropolitan area is primarily in response to the attractive sun-belt style of living, affordability based on housing costs and cost of living, expanding economic base, job creation, and central geographic location within the southwestern United States. The business climate and tax laws are favorable, and many national manufacturing concerns, primarily in electronics, have established large plants here and/or are in the process of expanding. Large firms which are present in this marketplace include WalMart, Banner Health System, and Honeywell[2], which are the largest private sector employers, with 18,677[3],13,756, and 12,000 employees, respectively. Other technology/electronic oriented, retail, and other types of major employers include Motorola, Intel, American Express, Bank One, American West Airlines, Boeing, Qwest, Frys, and Tosco Corporation. The electronics industry is a key employment segment, which is attractive because it is clean, entices a highly technical labor force, and encourages high capital investment. Firms such as the Dial Corporation, American Express Company, Phelps Dodge, Best Western, America West Airlines, U-Haul, Avnet, and Ramada Hotel Resorts have established national or regional headquarters in this area. A chart itemizing major employer size in Maricopa County follows.

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[1] Maricopa County statistics, per Arizona Department of Commerce, and U.S. Census Bureau.

[2] Honeywell has combined operations via merger, with Allied Signal, and Sperry Aerospace.

[3] A significant portion of the WalMart employees are located outside the Phoenix metropolitan area.

MARICOPA COUNTY MAJOR EMPLOYERS

Employer	No. of Employees	Employer	No. of Employees
State of Arizona	50,363	Safeway Stores	9,100
Wal-Mart Stores, Inc.	18,677	Fry's Food & Drug Stores	9,053
Banner Health System	13,756	Target Corp.	9,021
Maricopa County	13,482	Wells Fargo & Company	9,000
City of Phoenix	13,095	Mesa Public Schools	8,348
Honeywell International Inc.	12,000	Luke Air Force Base	7,836
U.S. Postal Service	11,406	America West Holdings Corp.	7,280
Raytheon Co.	10,200	Qwest Communications	6,900
Arizona State University	10,005	Bank One	6,794
Albertson's-Osco	9,500	American Express Co.	6,670
Intel Corp.	9,500	Pinnacle West Capital Corp.	6,100
Bashas' Inc.	9,374	Bank of America Corp.	6,035

Source: *Business Journal*, Book of Lists 2004. Employee totals are statewide.

The local area has been very progressive relative to national and state averages, relating to key economic growth barometers, such as for unemployment levels and job growth statistics. This information is indicated in the following charts.

UNEMPLOYMENT RATES

Year	United States Unemployment	Arizona Unemployment	Greater Phoenix/ Maricopa County Unemployment
1989	5.3%	5.2%	4.3%
1990	5.5%	5.3%	4.3%
1991	6.7%	5.6%	4.9%
1992	7.4%	7.5%	6.4%
1993	6.9%	6.2%	5.0%
1994	6.1%	6.4%	4.7%
1995	5.6%	5.1%	3.4%
1996	5.4%	5.5%	3.6%
1997	4.9%	4.6%	3.0%
1998	4.5%	4.1%	2.7%
1999	4.2%	4.4%	3.0%
2000	4.0%	3.9%	2.7%
2001	4.8%	4.7%	3.9%
2002	5.8%	6.2%	5.6%
2003	6.0%	5.6%	4.9%
2004 (Forecast)	5.8%	4.7%	4.5%
2005 (Forecast)	5.5%	4.4%	4.1%

GREATER PHOENIX/MARICOPA COUNTY ECONOMIC INDICATORS[1]

Year	Consumer Price Index % Change	Retail Sales % Change	Wage & Salary Employment % Change
1986	1.3%	18.8%	4.9%
1987	4.1%	3.5%	3.4%
1988	4.0%	4.1%	2.7%
1989	4.9%	6.0%	2.5%
1990	5.6%	2.4%	2.5%
1991	2.8%	1.8%	-0.7%
1992	2.7%	7.5%	1.2%
1993	4.1%	9.8%	4.6%
1994	3.3%	14.3%	6.8%
1995	5.0%	9.9%	6.3%
1996	4.6%	8.2%	7.0%
1997	4.1%	7.8%	5.6%
1998	1.6%[2]	7.9%	5.5%
1999	2.2%	10.4%	4.8%
2000	3.4%	8.4%	3.6%
2001	2.8%	1.5%	1.2%
2002	1.6%	0.3%	-0.2%
2003	2.3%	5.5%	1.3%
2004 (Forecast)	2.5%	6.3%	3.3%
2005 (Forecast)	2.4%	6.9%	4.2%

(1) *Bank One Economic Outlook Center,* W P Carey School of Business, Arizona State University
(2) CPI figures in Phoenix area are discontinued. CPI figures are national beginning 1998.

Figures in the preceding charts indicate that the Maricopa County unemployment rate typically is lower than the State rate, and 1% to 2% lower than the national rate. The Phoenix metropolitan area (Maricopa County) is expected to be able to maintain this edge for an indefinite period of time because of history of job growth, and migration attractiveness for both businesses and population. Job creation is a highly influential factor; it has been low over the past two years, but had been very progressive in prior years. For example, employment growth was at a level of approximately 58,000 in Maricopa County in 2000. Statewide, employment grew by 74,000 positions (4.2%) in 2000, which was the tenth consecutive annual increase, following increases of 4-8% in the previous five years. This has historically been at least twice the national average, and includes substantial growth in the key segment of manufacturing, which allows for an influx of revenue from products sold outside the region. A consensus forecast compiled by the Bank One Economic Outlook Center, Arizona State University, indicates projected Maricopa County increases in Wage and Salary Employment will rebound to over 3% for 2004 and 2005, after dropping off significantly in 2001 and 2002. These recent figures reflect the impact of the economic recession, which began in early 2001, along with the negative economic impact of the September 2001 terrorism attacks. The historic figures contrast the national average in manufacturing job growth typically at 1-3%. Strength in the employment sector is primarily in the high technology industries, construction, and tourism, in contrast to the previously dominant sectors of the economy prior to 1960, involving the four "C's" - Cotton, Copper, Cattle, and Citrus. Review of historic economic figures over the past ten or more years, indicate that the Phoenix area economy experienced the down portion of an economic cycle in 1991-92, compared to extremely robust growth in the early-mid 1980's, and was in a very strong recovery/growth mode as of the mid 1990's, and has settled into a strong but more stable progressive mode for the end of the 1990's, then dropped off in 2001 and 2002. It is noted that even in the period of negligible job growth in 1991 and 1992, this was sharply better than national figures. Various forecasting sources indicate that Arizona is likely to be among the leaders in the new decade for job growth, at approximately 2.5%-3.5% annually, compared to very modest average overall job growth for the United States as a whole projected in that time frame. This is attributed to Arizona's reasonable level of wage rates, low levels of unionization, the proximity to California, and low population density. The on-going infrastructure improvements in freeways and the airport will make the Phoenix metropolitan area more competitive and attractive location in the future.

Transportation Issues

The central geographic location of the Phoenix Metropolitan area within the southwestern United States, and established transportation linkages (Sky Harbor International Airport, Southern Pacific Railroad/Burlington Northern Santa Fe Railroad, Interstate Highway System, etc.), places it in a good logistical position for location of distribution and other business facilities. Various firms utilize Phoenix as a major transportation hub in the southwestern United States. Interstate highways link Phoenix directly to southern California and other southwest United States locations, and Mexico to the south. An existing network of railroad lines also serves the metropolitan area.

A current program in the metropolitan area involving freeway construction will be one of the major factors influencing growth patterns in this decade. A 1985 bond issue, funded by a one-half percentage increase in sales tax, is the revenue source behind the initial 20-year program involving construction of a master plan concept involving 231 miles of freeways. This transportation funding source was approved by public vote for a 20 year extension in 2004. It provides for further progression and improvement of the freeway system, extension of the initial phase of the light rail system, expansion of bus routes, and other transportation projects. The initial freeway projects have progressed, and modified to coincide with priority and funding limitations. Work has recently completed on the sections of a perimeter freeway loop system in the Glendale/Peoria/Northwest Phoenix area (the Agua Fria 101 Freeway), which includes a stack interchange at I-17, and direct connection to I-10 in southwest Phoenix. The 101 Pima Freeway has been completed through Scottsdale. The Piestewa (Squaw) Peak Parkway and inner loop section of the Papago Freeway have been completed in the central and east Phoenix areas, with construction on the Red Mountain Freeway completed through Tempe, and extending farther into Mesa. An eleven-mile extension of the Superstition Freeway was completed through Mesa and Apache Junction in 1991. Recent and current projects involve final construction of the Squaw Peak alignment beyond Bell Road. Additional work is in process on the Red Mountain Freeway, plus initial phases of the San Tan Freeway and Grand Avenue improvements. Previously anticipated projects such as the Paradise Parkway, and the Northwest Loop/Estrella Freeway, were dropped from funding considerations, however Maricopa County has independently completed segments of the 303 Estrella Roadway. The 303 route conversion to a freeway corridor is included in the funding plans in 2005-2010.

This massive freeway expansion is a response to increasing traffic congestion problems which have occurred throughout the developed areas of Phoenix. Problems are magnified because of inefficient distribution of development core areas, and physical constraints because of river or mountain geographic barriers. Initial freeway plans had been scaled back or altered in response to significantly escalating costs, funding short falls, and growth dynamics. Prior to the 2004 approval of the sales tax funding measure, various additional funding proposals had been considered, such as implementation of an additional half-cent sales tax, and use of toll roads, etc. It is recognized that continuing large increases in the population will likely create strains on even the new freeway corridors, which will create future needs for transportation alternatives, such as the design of mass transit systems. Voters in the City of Phoenix approved funding the Proposition 2000 mass transit enhancement plan in March, 2000, via a 20 year, .4% city sales tax increase. This plan primarily involves expansion of bus lines and frequency of their scheduling, and creation of light rail (electric train) service. This approval came after voter rejection of a variety of mass transit plans in the central portion of the metropolitan area over the past two decades. The $1.3 billion Light Rail System, to extend 20 miles through parts of Phoenix, Tempe, and Mesa is in the initial design, right of way acquisition, and initial construction phase. The project is to be operational by 2008. The 2004 funding approval provides for future extensions of the Light Rail project.

Phoenix Sky Harbor International Airport is the dominant airport in the state of Arizona, and serviced 36,000,000 annual passengers in 2000, as the fifth busiest airport in the United States, with service by 28 domestic carriers. Passenger volume has increased from 13,422,764 in 1985, and is forecasted at 60,000,000 by 2015. Terminal facilities have been significantly expanded in the past ten years; airline operation efficiency has been enhanced with the construction of a third runway which opened in October, 2000. The dominant domestic carriers are America West Airlines and Southwest Airlines, operating out of a total of at least 60 gates. This includes a new concourse of 12 gates in a terminal designed for America West, completed in 1999. British Airways and Lufthansa operate out of the international concourse in Terminal 4, as of the year 2001. Operation of this airport has been enhanced by expanding the west side of the airport via realignment of 24th Street in 2000. Expanding to the west will enable the airport to increase air field capacity and allow immediate expansion for other aviation related functions, such as the air cargo segment adjacent to 24th Street. An update of the Airport Master Plan is currently under review, assessing strategic needs for the next 20 years, and to determine if and how the airport will expand. Future increased efficiency and expansion may be achieved via construction of an additional passenger terminal, and/or other aviation related uses. Land is currently being acquired on the north side of the airport, via a Voluntary Land Acquisition Program. Prior consideration has been given to the concept of developing a regional airport for Arizona at a location midway between Phoenix and Tucson, as a long run alternative to curing potential future over-crowding conditions at Sky Harbor Airport. The regional airport concept is extremely costly, and has substantial opposition from many Phoenix community leaders, despite a moderate level of concept endorsement (without funding) from previous study and advisory groups, such as the Governor's Regional Airport Advisory Committee.

Real Estate and Development Activity

Maricopa County has historically ranked among the top national areas in the real estate development and construction industries. The current level of activity is strong in the residential segment of the market, and low to moderate for various commercial and industrial segments. Building permit and construction activity for single-family residences has been at peak levels over the past five years, inspired by low interest rates, and relative affordability of housing in the Phoenix metropolitan area, versus other national markets. Non-residential activity has slowed in response to weak economic conditions and significant decline in employment gains. The office market represents the weakest segment of the market, where vacancy rates have risen to over 20%, but began rending down as of late 2003. The industrial segment experienced weak demand in 2001 and 2002, with later improvement. A modest level of speculative development is anticipated for large office and industrial projects in the near future, with significant activity in smaller user projects. The retail segment of the market has continued to expand, with a modest increase in vacancy, impacted by sustained residential growth. Residential housing permit and net migration statistics are indicated in the following chart.

PHOENIX METROPOLITAN AREA RESIDENTIAL BUILDING PERMITS AND POPULATION STATISTICS

Year	Total Building Permits	Single Family Permits	Townhouse Permits	Apartment Permits	Population Net Migration
1983	45,527	19,447	4,851	21,229	29,000
1984	57,674	18,125	7,002	32,547	50,000
1985	50,162	19,432	6,617	24,113	56,000
1986	41,895	20,052	5,516	16,327	61,000
1987	27,494	15,944	3,123	8,427	60,000
1988	20,617	13,843	1,317	5,457	46,000
1989	13,508	11,194	625	1,689	40,000
1990	12,973	10,633	449	1,891	35,000
1991	14,687	13,492	485	710	34,000
1992	20,129	18,329	566	1,234	37,000
1993	24,302	21,896	600	1,799	45,000
1994	33,853	26,626	1,212	6,015	67,000
1995	36,414	26,824	1,599	7,991	83,000
1996	38,146	28,157	1,456	8,533	88,000
1997	39,097	29,124	2,174	7,799	89,000
1998	43,213	33,811	1,525	7,877	84,000
1999	42,465	33,252	1,454	7,759	76,000
2000	42,737	32,494	2,234	8,009	72,000
2001	41,869	32,867	1,801	7,201	66,000
2002	41,386	34,309	1,487	5,607	56,100
2003	46,382	39,652	1,894	4,836	52,000
2004 (Forecast)	55,000	48,000	2,500	4,500	50,000
2005 (Forecast)	51,000	44,000	2,500	4,500	50,000

Review of the housing activity statistics reveals that the single-family residential segment of the market has been extremely active over the past eight years. Phoenix has ranked as the first or second most active housing market in the United States during that period. The apartment segment of the market has declined in activity over the past several years, due to a degree of over building, and competition from the single-family housing segment of the market which has been relatively affordable, because of low interest rates. This segment of the market was adversely impacted by a downturn in the real estate cycle in the early 1990's, and has recovered into a position of general strength since that time. A major segment of new project introduction occurred in Class A luxury projects in prime locations, while a moderate amount of moderate to upper quality projects have or will be built in key growth and infill areas. Single-family residential projects remain as the dominant housing opportunity in the metropolitan area, with large master-planned communities influencing current and future housing trends. The master-planned areas provide interaction between housing, shopping, and employment land uses in a coordinated environment. The Phoenix area is expected to continue to be ranked as a national leader in housing starts in this decade.. A decline by 10%-15% may occur over the next several years, due to normal cyclical variations and the possible dampening effect of higher interest rates. The recent active level of activity has been supported by steady employment growth, the general level of housing affordability, and continuing low interest rates. As previously mentioned, the key influential growth factor is that the Phoenix metropolitan area ranked 53rd of 28,790 MSA's in total job growth at 57,800 in the 2000 time period, and remains a leader. This was a 3.8% increase, ranking it among the top in percentage growth. Recent year job creation growth rate for the Phoenix-Mesa MSA, was twelfth in the nation among 31 markets with a labor force of 1,000,000 or more. The job growth figures dropped to modest levels in 2001 and 2002, impacted by the 2001 economic recession, and terrorism activities, however the single-family residential housing market remained strong, bolstered by very low interest rates. Future population growth projections indicate that current metropolitan area population will increase from approximately 3,100,000 in the year 2000, to approximately 4,000,000 by the year 2020. Therefore, the housing industry will remain active for an extended period of time, as growth alone will create demand for an average number of housing units (of all types), in excess of 20,000 per year. The metropolitan area remains an attractive housing location compared to other locations within the United States, with a median home value of approximately $175,000, and moderate cost of living.

Commercial and industrial development activity is attractive to investors and construction firms in Maricopa County/Phoenix Metropolitan area because of the expansive population base and strong local economy. The following statistics are excerpts from the *2004 Grubb & Ellis Real Estate Forecast-Mountain/Southwest*, as well as their previous annual editions, involving inventory, occupancy levels, and absorption levels.

REAL ESTATE BUILDING INVENTORY STATISTICS
MAJOR PROPERTY USE CATEGORY SUMMARIES-METRO PHOENIX(1)

Year	Office Inventory	Office Occup.	Office Absorption	Industrial Inventory	Indust. Occup.	Industrial Absorption	Retail Inventory	Retail Occup.	Retail Absorption
1977	9.0	--	--	15.0	--	--	27.2	--	--
1985	27.4	78%	3.5	33.5	84%	2.9	41.50	93%	1.5
1986	32.8	77%	3.4	38.7	76%	1.7	46.61	91%	1.8
1987	33.6	79%	3.0	41.8	75%	2.1	50.57	90%	3.3
1988	35.9	79%	2.1	44.7	78%	3.3	53.77	88%	3.2
1989	39.5	77%	1.7	44.7	78%	2.9	57.67	87%	1.9
1990	38.6	74%	2.1	44.8	77%	1.0	62.73	86%	1.4
1991	38.8	75%	1.2	45.0	79%	.6	66.05	86%	2.2
1992	38.8	78%	1.5	45.9	82%	1.8	66.99	87%	1.0
1993	38.8	81%	1.7	45.1	86%	1.8	68.11	89%	2.9
1994	38.8	86%	2.0	45.8	89%	2.3	72.89	90%	2.5
1995	39.7	87%	2.8	78.3	87%	4.0	74.20	91%	3.1
1996	42.2	89%	1.3	84.7	89%	5.3	77.26	91%	2.5
1997	41.9	90%	1.7	78.8	89%	3.8	76.92	92%	2.3
1998	44.3	90%	2.1	85.0	87%	4.0	77.52	93%	2.2
1999	45.0	89%	2.3	91.4	87%	5.8	83.45	93%	2.1
2000	48.3	89%	2.5	221.5	93.6%	4.3	87.37	94%	3.0
2001	51.8	84%	0.5	224.5	91.6%	0.5	92.50	93%	4.0
2002	54.2	78%	(0.5)	228.8	89.2%	1.3	99.20	92%	5.0
2003	53.5	80%	0.7	232.4	88.6%	1.6	101.82	94%	5.5

(1)Source: Grubb & Ellis-BRE Commercial LLC. Inventory figures in millions of square feet, for non-owner occupied buildings, absorption figures reflect net absorption, except industrial space since 2000. Annual inventory totals reflect adjustments for new construction and for changes in owner vs. tenant use, therefore changes in total inventory figures in office and retail space do not necessarily reflect exact total change, but indicate general trends. Office figures are for projects of 20,000 s.f. and greater. Industrial figures changed in 2000 for all space, vs. only non-owner occupied space in prior years, for 10,000 s.f. and greater in standard industrial and R&D/Flex space, except 25,000 s.f. and up before 1995, which made large inventory adjustments. Retail figures for projects of 20,000 s.f. and greater, combining Neighborhood, Power, Regional, Specialty, and Strip retail properties.

The general characteristics of the current real estate market, involving three major use categories (office, industrial, and retail) is characterized as moderate to weak, influenced by some recent fluctuations. Activity relating to new project development, absorption, and general occupancy levels have remained at strong, healthy, but competitive levels since the mid-1990's in the retail segment, however the industrial and office segments have experienced significant weaknesses, partially over the past two years. Historically, a long period of expansion occurred in the mid to late 1990's, following a period of market correction, and relatively difficult real estate market conditions which had prevailed during the late 1980's into the early-mid 1990's. The historically strong character of the market is related to the positive growth of the Phoenix area economy over the past several years, fueled by a combination of continued strong population growth, and strong job growth. The job growth progression significantly slowed in 2001 and 2002, impacted by the national recession, and terrorism activity circumstances, however economic barometer statistics remain progressive with respect to national averages. Limitations are imposed by a relatively tight labor market in the state, and the anticipated contraction of the economy as a whole. Statistical evidence of these situations was presented in charts on previous pages. A brief synopsis of the status of major real estate use categories is as follows:

In the ***office*** category, the total inventory of space has consistently increased over the past seven years, with relatively dramatic increases in both speculative and owner-user projects in the 1998-2001 period. This had followed a period of minimal expansion for the early to mid 1990's. The office market has significantly weakened since late 2000 or early 2001, due to uncertain economic conditions, corporate downsizing/layoffs, company mergers, relocations, etc. A significant inventory of new office space came on-line in the past two years, while net absorption has declined, resulting in increasing vacancy rates. The market is further challenged by the availability of a significant amount of sublease space. Vacancy rates have increased from the 8-10% range in the late 1990's, to in excess of 20%, with negative net absorption in 2002. The high vacancy rates are expected to prevail into 2004 or 2005. This has resulted in softening rental rates and increased concessions. Over the past several years, the strongest office markets have been in the Camelback corridor, and North Scottsdale and West Phoenix along the freeway corridors, with weakness in the Uptown/Central Business District area.. Significant introduction of new Class A office space has been experienced in the downtown Phoenix central business district area, where two large high-rise projects have been completed. Selection of office locations is impacted by freeway system growth, which makes some previously inferior access locations more competitive, such as in several Northwest and Southeast area locations.

The ***industrial*** segment of the market has experienced significant expansion over the past several years, with strong levels of annual absorption through the year 2000. Absorption slowed to minimal levels in 2001 and 2002 relating to the impact of recessionary economic conditions, and terrorism impact; various companies laid off workers, and the manufacturing sector has experienced negative growth. Speculative construction is at a minimal level, while build to suit activity is at a moderate level. The decline in the number of construction projects may level off in 2003, then begin a gradual increase as the economy, job creation, and competitive conditions improve. The overall vacancy levels have significantly increased to approximately 11%, from 6%-8% in prior years, which will soften lease rates, and lead to negotiation of some concessions in lease and sale transactions. Portions of the vacancies are in large distribution and manufacturing spaces, as a few large uses consolidated operations, such as Honeywell and Motorola. The influence of the challenges in this segment of the real estate market is expected to subside as the economy recovers within a 12 to 24 month time horizon.

The ***retail*** segment of the market has experienced strong growth in the past several years. This correlates with strong population growth, physical expansion of housing community areas, and progression in total retail sales dollars. The characteristics of the overall retail real estate market and the expansion characteristics remain generally consistent with prior years, with neighborhood and specialty center construction, plus recent opening of two new regional malls, and other power centers. Big box retailers continue to have a strong influence in the marketplace, however the pace of new project introduction of this type has slowed due to a degree of market saturation. Various small shop retailers have been casualties from the competitive pressures from the large specialty retailers, and selective vacancies exist in some areas with large sized tenants, where mergers, or business closures has occurred, such as the closure of ABCO grocery stores. The market is adjusting to changes such as the introduction of Wal-Mart Superstore projects, future opening of the Santan Regional Mall in Chandler, potential development of a regional mall in North Scottsdale, and establishment of the Scottsdale Promenade, and Scottsdale 101 power centers in North Scottsdale. Rapid and strong growth has occurred in strategic locations of northwest Phoenix near Arrowhead Towne Center. New opportunities are occurring in the southwest area, inspired by completion of the Agua Fria 101 Freeway connection, and significant home building activity. Recent and continuing trends involve the combination of shopping and entertainment in coordinated developments, with strong restaurant components. The retail segment of the market has only been moderately impacted by the impact of the 2001 recession, with a slight increase in vacancy rates. Rental rates have typically flattened over the past year, and the impact of concessions on new leases is stronger than in previous years. The retail expansion is typically related to the activity in the housing market, which remains strong. New project development is following freeway expansion, activity in master planned communities, and introduction of retail and restaurant entities expanding into the Phoenix area (such as Lowes, Ultimate Electronics, CVS Drugstores, Eckerd Drug Stores, In-N-Out Burger, and others).

The ***tourism/hospitality*** segment of the market continues to play a vital role in the metropolitan area economy as visitors are attracted by the climate and relatively unique desert oriented scenic attractions. A total of Phoenix metropolitan area tourism expenditures, estimated by the *Arizona Hospitality and Resource Center*, Northern Arizona University, is approximately $5 billion. The following is a chart summarizing tourism/visitor economic impact.

DOMESTIC VISITOR ECONOMIC IMPACT – PHOENIX METRO AREA 1995-2001

	1995	2000	2001
Estimated Number of Visitors	$9.2 million	$11.8 million	---
Visitor Expenditures	$3.29 billion	$4.99 billion	$4.94 billion
Estimated Sales & Excise Taxes	$168 million	$255 million	$265 million

Source: Arizona Hospitality Research and Resource Center, Northern Arizona University.

Recent lodging expenditures amount to approximately 21% of the total visitor expenditures, food and beverage sales at 20%, retail related expenditures at 58%, and amusement expenditures at 1%. The inventory of guestrooms in the metropolitan area increased over 50% in the 10 years from 1984 to 1993, from 23,582 to 36,117, and now has increased to approximately 51,300 as of year end 2001 estimates. Hotel inventory expansion has been cyclical, peaking in the 1980's in 1987, with a minimal level of construction in the late 1980's to mid 1990's, with a recent significant expansion period occurring in 1995-1998. The largest expansion segment of the market has been in the limited service segment (increasing approximately 75% in the mid to late 1990's), which includes partially strong new introduction of suite, and extended stay hotels. Substantial overbuilding and associated marketability problems for hospitality properties in the State of Arizona in the mid 1980's to early 1990's, caused significant cash flow and value decline problem situations. The hotel real estate industry has experienced significant fluctuations in the past ten years. The industry has been hit hard by declines in travel and tourism in general since 2001. Historically, metropolitan Phoenix hotel occupancy levels had risen from 57.8% in 1988, to 67.5% in 1993, and 71.1% in 1997, then declined to 64.7% in 1998, and 64.3%, 61.8% and 62.6%, respectively in 2000, 2001 and 2002. Information compiled from various sources, such as PKF, Smith Travel Research, and Warnick & Co., indicates that the significant surge in recent hotel construction over the mid to late 1990's has caused an occupancy decline from a peak of approximately 72% to the mid 60's. The hospitality industry has been adversely impacted by the influence of 2001 terrorism circumstances, and the economic recession. The following table indicates statistics relating to hotel/motel inventory in the Phoenix metropolitan area over a recent expansion period.

METROPOLITAN PHOENIX-NEW HOTEL DEVELOPMENT (NO. OF ROOMS)
1994-2001

YEAR	LIMITED SERVICE	FULL SERVICE	RESORT	TOTAL
1994 (Existing Inventory)	14,015	11,555	8,826	34,396
1995	1,000	0	60	1,060
1996	1,650	0	349	1,999
1997	3,400	0	116	3,516
1998	4,800	0	24	4,824
1999	2,376	349	1,080	3,805
2000	1,181	0	302	1,483
2001	174	0	0	174
Estimated Inventory	28,596	11,904	10,757	51,257

Source: Warnick & Company

Hotel room demand growth had been relatively strong at 3-6%/year throughout the most recent years of hotel room inventory expansion (approximately 14,144 new rooms completed in 1996-1999), but is well behind the increase in supply. Average Daily Rate change has been modest during the expansion period, has recently been negative, and overall operating performance has declined since 2000. The changes which occurred in the hotel market have resulted in overbuilding in various sub-market areas, in various product types, while other sub-markets of the metropolitan area have adequately adjusted to market growth. Several large scale luxury/resort projects have been introduced in the past years, however a minimal level of project construction is evident in other segments of the market.

Conclusion

In conclusion, economic growth prospects for Arizona and the Phoenix metropolitan area within the next ten years are considered good. Most segments of the real estate market recovered from difficult conditions in the early 1990's, but have experienced a new level of fluctuations, due to economic recession and terrorism activity in 2001. It is anticipated that significant weaknesses will persist in the office and some industrial segments of the market for another year or two. Certain geographic areas of particular strength or weakness will continue to exist. The current situation was demonstrated by the statistics on building permits, and industrial/office/retail inventory figures on previous pages. A decline in the rapid pace of expansion has occurred, however overall characteristics of the market are expected to remain progressive. In the long run, the favorable climate, expansive economic base, population increase projections, demographic characteristics of the relatively young, active population, and the growth stage of economic development (versus a mature stable environment) in the Phoenix metropolitan area, will influence general expansion, and appreciation of overall property values in the metropolitan area.

References:

Arizona Business, Arizona State University
Book of Lists, The Business Journal of Phoenix
Arizona Community Profiles, Arizona Department of Commerce
Arizona Economic Trends, Arizona Department of Economic Security
Metro Phoenix Blue Chip Economic Forecast, Arizona State University
Arizona Blue Chip Economic Forecast, Arizona State University
Western States Blue Chip Economic Forecast, Arizona State University
Blue Chip Job Growth Update, Arizona State University
Inside Metro Phoenix, The Arizona Republic/Phoenix Gazette

Local Data

The subject property is located in the southeast portion of the Phoenix metropolitan area, in the east portion of the City of Mesa. Mesa is Arizona’s third largest city, with a current population of approximately 450,000 persons, which is an increase from 288,091 in 1990, and 152,453 in 1980. It is the second largest city in the metropolitan area, and the largest in the southeast valley area. It has grown dramatically since its founding in 1878, and now covers over 128 square miles. The previous rural and small business community image has faded as the city has grown, because of its expanding economic base, as seven of Fortune Magazine’s top 500 manufacturers are located in the city. These include a wide diversity of electronics, aircraft, food processing, automotive testing, propulsion equipment, and heavy machinery firms. In addition, over several hundred smaller firms supply supportive roles in the manufacturing economy. Mesa is also the retail and medical center for East Maricopa County with three existing regional malls and several large shopping centers, as well as business oriented central city area. Medical facilities in the City of Mesa offer complete medical services to all of eastern Maricopa County. One major factor influencing growth of Mesa is the establishment of the large Boeing (formerly McDonald Douglas Helicopter) facilities in north Mesa in 1987. Further economic stimulus has historically been provided by Williams Air Force Base, and the General Motors Proving Grounds, located in the extreme southeast portion of the city corporate area, but outside of current annexation areas. The 1993 federal government closure of Williams AFB (renamed

Williams Gateway Airport) may be an economic setback for the far east Mesa area, but will also open up new areas for future development, including those which had been limited by overflight noise problems. The GM Proving Grounds is also scheduled for closure, and presents an opportunity for a master planned mixed use community development.

Mesa, along with the cities of Tempe, Chandler and Gilbert, comprise what is commonly referred to as the "Southeast Valley". This area is geographically segregated from the balance of the metropolitan area by the Salt River, and Salt River Indian Reservation on the north end, and a mountain range to the west, in the south Phoenix area. This area comprises approximately one third the metropolitan area population, and this share will likely grow gradually, because the population base on this area is expected to grow faster than other metropolitan area locations. The high growth rate of this region is attributed to existence and expense of a good surface road transportation system, solid economic base, proximity to higher education facilities, and large skilled labor pool.

The transportation network is anchored by the existing Superstition Freeway, which extends in an east/west direction, from the junction at Interstate 10 in west Tempe, 27 miles to Highway 60 in Apache Junction, with the final eleven-mile east segment completed in 1991. The Superstition Freeway is situated within two miles north of the subject property. The west portion of this road has been linked to lower Scottsdale via the Pima and Red Mountain Freeways, at the Price Road alignment in Tempe. Future plans involve linkage to the future Santan Freeway across Chandler from I-10, linking to the Superstition Freeway near Hawes Road, where it will extend as the Red Mountain Freeway to the north, then west across north Mesa to the Papago Freeway in Scottsdale/Phoenix. This construction is in process, and will be completed within the next five years. Sky Harbor International Airport (Phoenix) is located 20 minutes east via direct freeway connection.

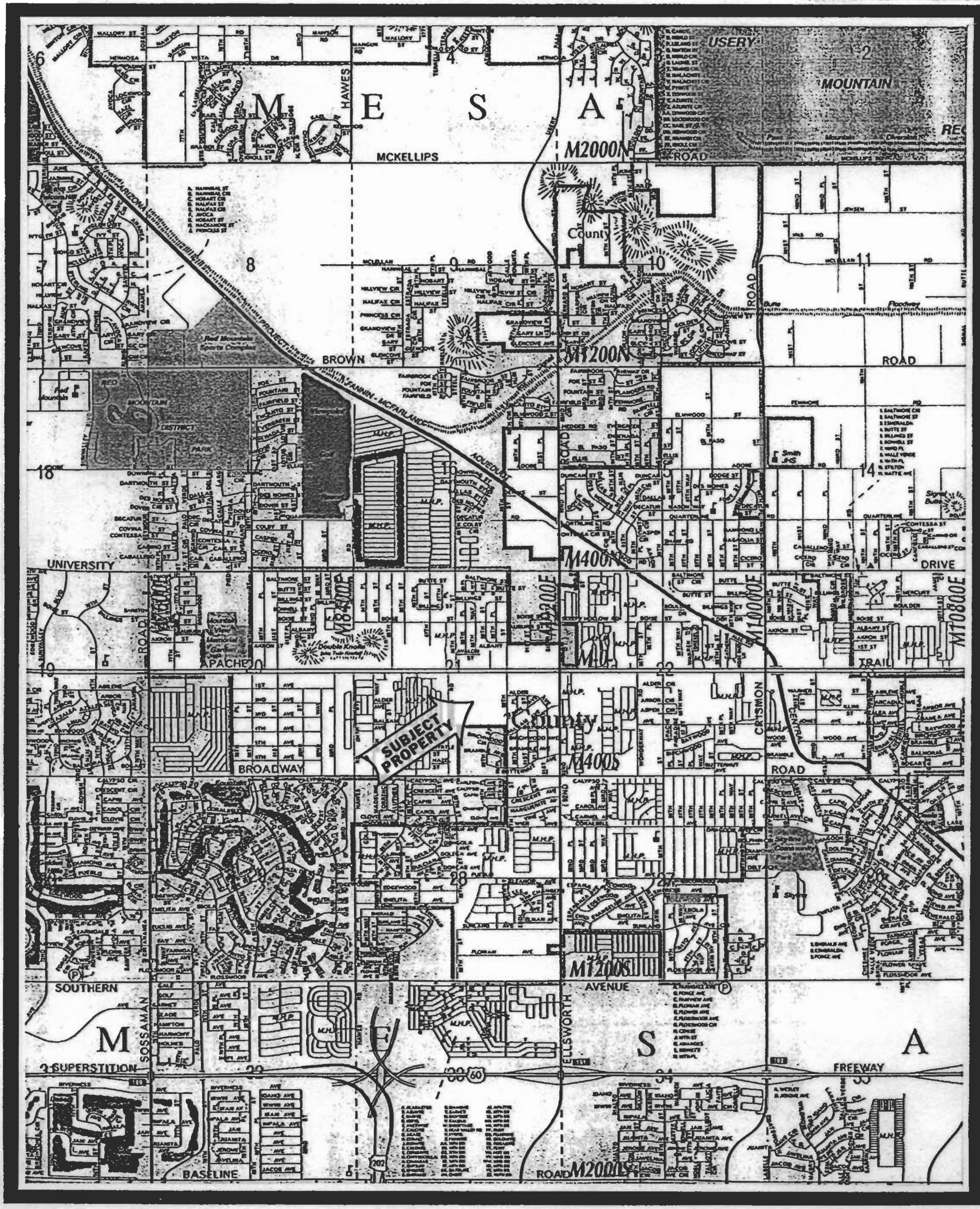
The economic base on the southeast valley is tied to the presence of technology oriented companies, such as Motorola, McDowell Douglas, Intel, Digital Equipment, Allied-Signal, and others. The presence of Arizona State University, with their emphasis on engineering, scientific research, and business, enhances the business climate. ASU has established a 320-acre research park in southeast Tempe, intended to act as a catalyst for research and development activities, and also has established the ASU East branch campus at the former Williams Air Force Base.

The City of Mesa along with other southeast metropolitan area cities such as Apache Junction, and to a lesser extent some areas of Chandler and Gilbert, are heavily impacted by retirement age residents and part-time residents, residing in housing and mobile home/recreational vehicle communities, particularly in the central and east portions of the city. These include large master planned communities with a full range of services such as Leisure World, Fountain of the Sun, Sunland Village, etc. Others reside in mobile home parks, and another large group resides in recreational vehicle resort communities ranging in size from approximately 100 to 2,000 spaces per project. Population in these communities is highly seasonal, as the residents avoid the hot summer season, and their presence peaks on an annual basis during the January through March time frame. The full time resident retired population in the Mesa/Chandler/Gilbert area comprises approximately 130,000 persons. The retired winter part time visitor, or "snowbird" population adds approximately 150,000 – 170,000 to the population total, plus approximately 30,000 in the Apache Junction area, to the east of Mesa. These visitor/part time residents stay for varying periods, and at different times; their numbers peak in the January-February-March time frame, at approximately 96,000 persons. Survey results indicate that 85% of the winter recreational vehicle based residents reside in the southeast metropolitan area, versus the metropolitan area as a whole. Recent survey information indicates that the size of the winter visitor population peaked in approximately 1997, and has slightly declined since that time. The decline in winter visitor population appears to be occurring within Arizona's two major metropolitan areas, which includes the Mesa and southeast valley area, while the number of "snowbirds" wintering in many smaller communities of the State has continued to increase. (Source: Arizona State University, Center for Business Research).

Neighborhood Information

The subject property is located in the northeast portion of the City of Mesa, in an area dominated by residential uses, with various commercial uses located along major roadways. The general neighborhood of the subject property is generally bounded by Power Road to the west, Thomas Road to the north, University Drive to the south, and Crismon Road to the east. This neighborhood is characterized by low to moderate density residential housing areas. The north area has rural residential areas, and the 2,500 acre Las Sendas master planned community, with a mixture of moderate and low density residential areas to the south and southeast. The north and northeast areas are bordered by public use and recreation areas, such as the Usery Mountain Recreation Area (County) and the Tonto National Forest (Federal). The center portion of the area is traversed by the Central Arizona Project canal extending in a north to southeasterly direction; the Spook Hill Dam flood control structure is located adjacent to the east side of the CAP canal.

Neighborhood Map



Significant improvements in this area include the Red Mountain Community College campus along McKellips Road, and various recreation properties such as golf courses and parks in the local area. A large tract of state trust land of approximately 711 acres is located in this area, straddling McKellips Road, west of the Ellsworth Road alignment. This is planned for future residential development, as it was recently sold at auction to a developer. In addition, the City of Mesa plans a large regional park facility on the south side of McKellips Road, just east of the propose freeway alignment.

This overall northeast Mesa area has been well established as a residential community area for several decades. Strong growth has occurred within the past five to ten years, as the city continues to grow. Growth will be further stimulated as transportation access improves. This will occur within the next several years, because of the planned construction of the northeast portion of the Red Mountain Freeway, which will extend in an alignment which follows the CAP canal, within one-quarter mile east of the subject property, with interchanges at Power Road, McKellips Road, Brown Road, University Drive, Broadway Road, and the Superstition Freeway. *The influence of the freeway construction project is disregarded in this appraisal of the property before the taking, as this is the project for which the subject property acquisition is occurring.*

Specific land uses adjacent to the subject property include small commercial buildings and vacant land to the north, and small commercial buildings and residential subdivision to the west. A mobile home neighborhood is located to the east. A subdivision of single-family homes is located to the south.

SITE DESCRIPTION – LARGER PARCEL

The subject site consists of an irregular shaped land parcel, containing 30.496[1] acres, located on the south side of Apache Trail[2], west of 90th Street, with additional frontage on 90th Street, Mesa[3], Arizona. The entire property is regarded as the larger parcel, however it is segregated in two segments for analysis purposes between the north commercial zoned 4.936-acre portion that fronts along Apache Trail, as Segment A, and the south 25.560 acre residential zoned portion as Segment B. The street addresses on the property segments are 8901-8925 East Apache Trail (Segment A) & 102 South 90th Street (north part of Segment B), Mesa, Arizona. An outline of the site characteristics is provided below. Site exhibits are provided on the following pages.

Assessors Parcel Number:	218-41-280D (Parts of Segment A and Segment B) 218-41-280C (Parts of Segment B and Segment A) 218-41-278A (Part of Segment B)
Site Area:	Total area of 1,328,400[1] s.f., or 30.496 acres, per ADOT records, not verified by survey[4]. Segment A is estimated to contain 215,000 s.f., or 4.936 acres; Segment A is estimated to contain 1,113,400 s.f., or 25.56 acres.
Shape/Frontage/Dimensions:	Irregular. The overall property has a frontage on Apache Trail of approximately 860 feet, and approximately 328.04 feet on 90th Street. Segment A has a frontage on Apache Trail of approximately 860 feet, and a north/south dimension of approximately 250 feet. Segment B has a frontage on 90th Street of approximately 328.40 feet, and a south boundary line dimension of approximately 1,325.18 feet.
Access:	The subject site has access along Apache Trail and 90th Street. Segment A has Apache Trail frontage. Segment B has direct frontage on 90th Street for the south potion, with additional 30-foot wide easement access at two locations extending from 90th Street. Plat maps indicate that local street access also exists at the southwest corner of the site, at the alignment of Balsam Avenue.

[1] Size of 1,328,400 s.f. or 30.496 acres, net of existing right of way, per ADOT records, which differs from assessor records of 29.85 acres.

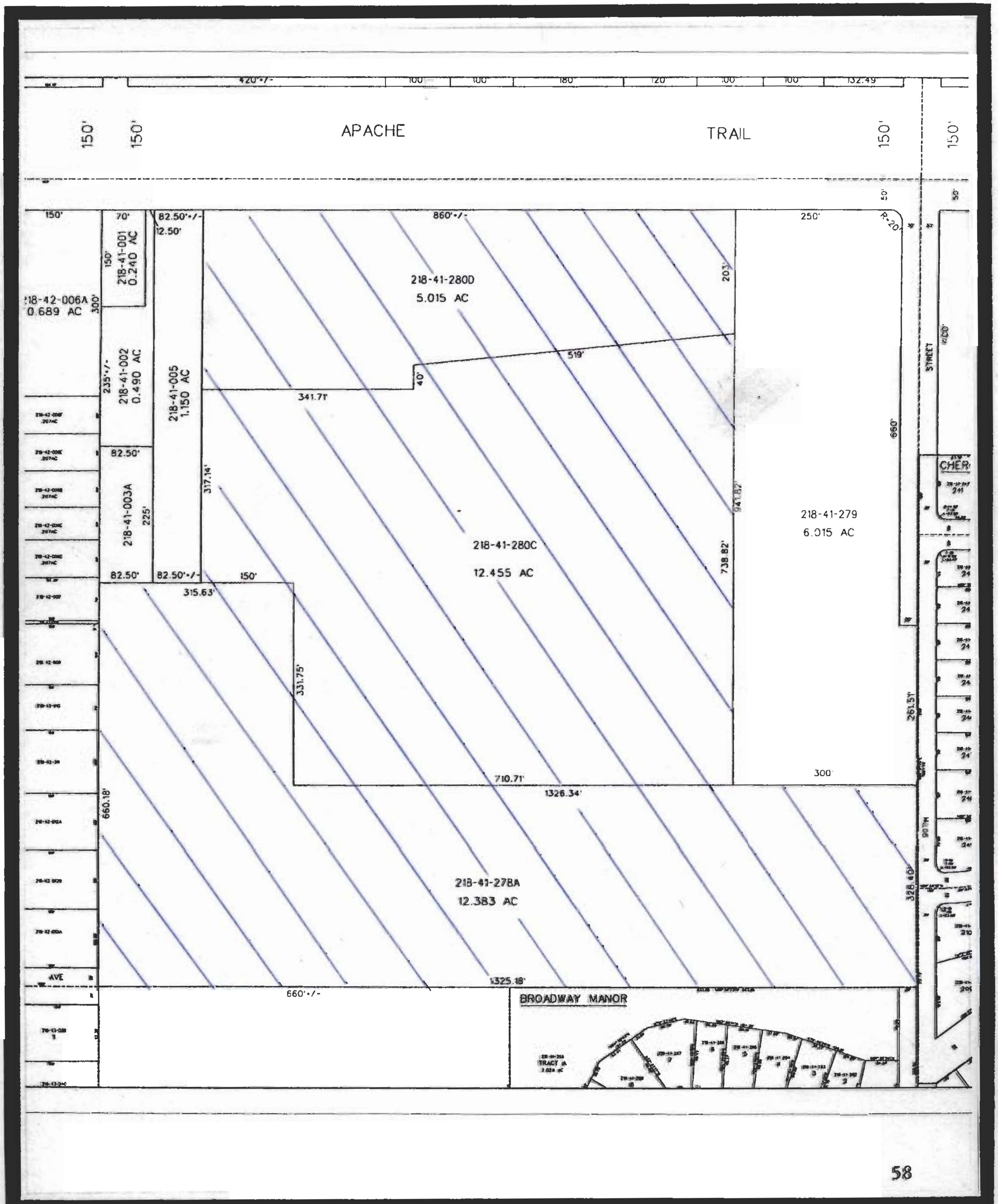
[2] Apache Trail is often referred to as Main Street, particularly in the adjacent incorporated areas of Mesa.

[3] Subject parcel is located in an unincorporated county island, but is with the planning jurisdiction of the City of Mesa.

[4] Area calculations provided by ADOT, net of existing right of way, and are assumed accurate The figures differ from that indicated on county assessor records.

Plat Map

= LARGER PARCEL



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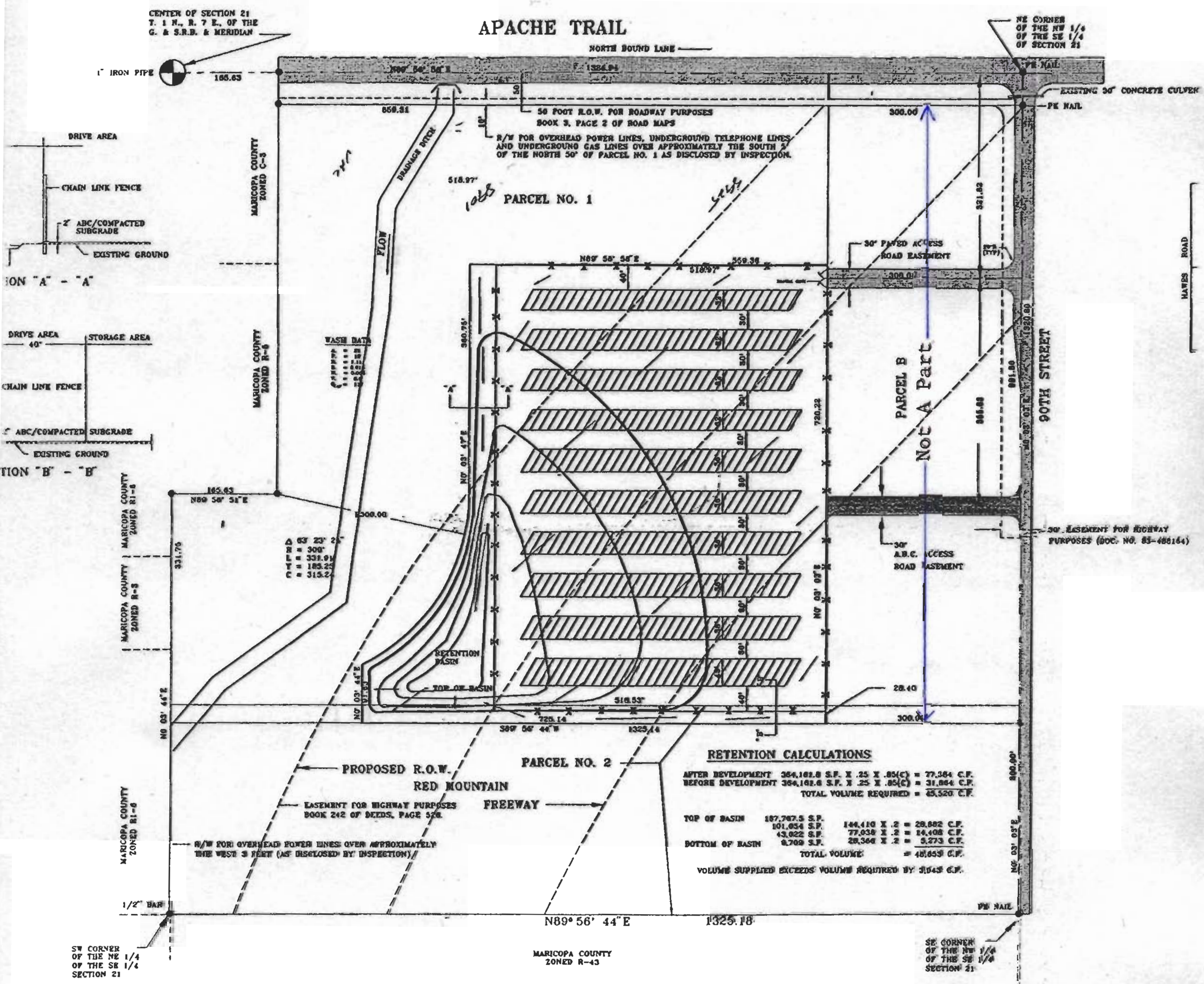
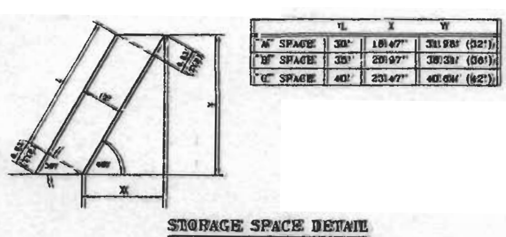
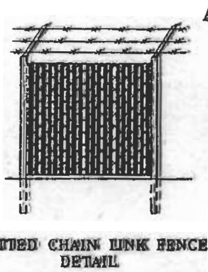
SUBJECT PROPERTY SITE PLAN



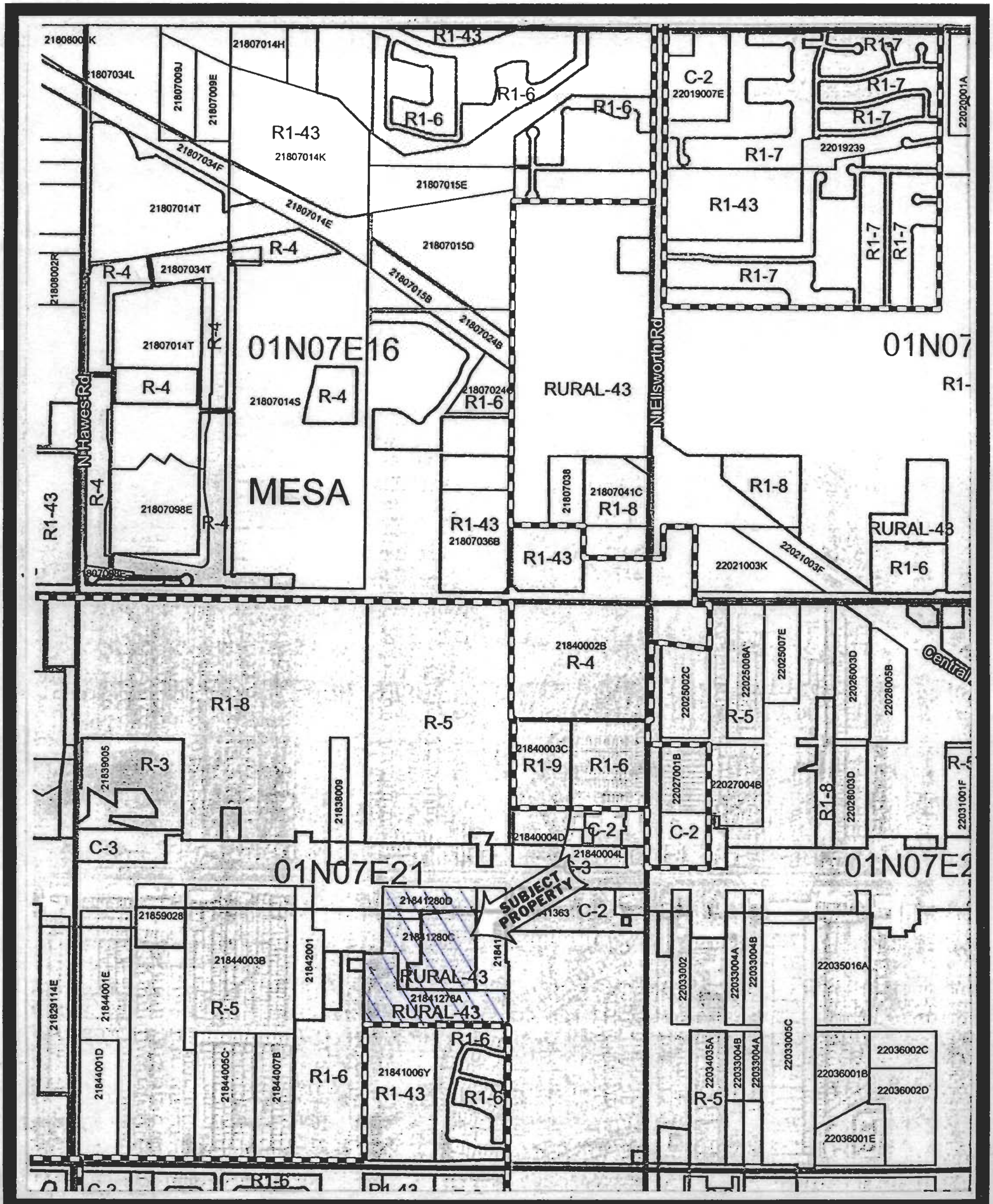
Depiction of Red Mountain Freeway Alignment on this exhibit is not accurate.



	L	X	W
"A" SPACE	30'	18'-47"	31.98' (32')
"B" SPACE	35'	20.97"	35.33' (36')
"C" SPACE	40'	23.47"	40.6M' (42')



Zoning Map


R1-43
R1-6
R1-7
C-2
22019007E
22019239
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21807034L
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21807014K
21807034F
21807015E
21807014T
21807014E
21807015D
21808002R
R-4
21807034T
21807015B
21807024B
01N07E16
01N07
21807014S
21807024C
RURAL-43
N Ellsworth Rd
N Hawes Rd
MESA
21807098E
21807038
21807041C
R1-8
21807036B
22021003K
22021003F
21840002B
R-5
22025002C
22025008A
22025007E
22026003D
22028005B
21839005
R-3
21838009
21840003C
R1-9
22027001B
22027004B
22031001F
C-3
21840004D
21840004L
01N07E21
SUBJECT PROPERTY
21841280D
21841280C
21841363
21859028
21844003B
21842001
21841278A
21829114E
21844001E
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22033004A
22033004B
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22034035A
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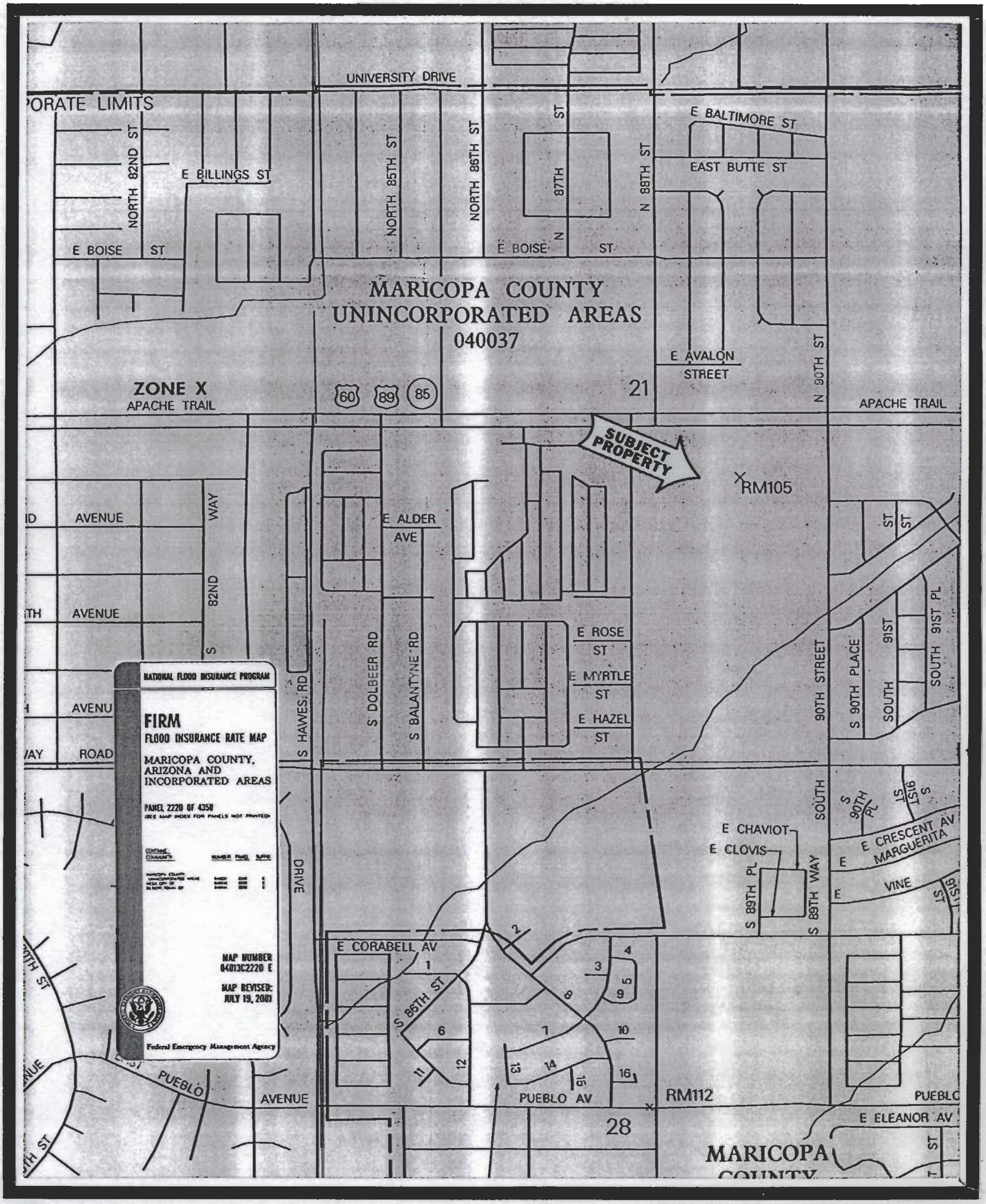
22036001E

Flood Plain Map



Topography:	Perimeter is basically level and at grade with adjacent property, with a slight slope from northeast to southeast. An earthen drainage channel extends through the northwest portion of the parcel.
Drainage:	An earthen drainage channel extends in a diagonal direction through the west side of the overall property, as an extension of a drainage pattern that crosses Apache Trail in a culvert, in front of the subject site. Drainage appears to be adequate, as typical of adjacent properties.

Street Improvements:

Apache Trail:

Street Surface	-	Asphalt paved. 6 lanes plus wide center grass and natural vegetation median
Type:	-	East/west arterial road
Curb/Gutter/Sidewalks	-	None
Traffic Count	-	24,700 vpd (Mesa, at Sossaman)

90th Street

Street Surface	-	Asphalt Paved, 2 lanes
Type	-	North/South local access road
Curb/Gutter/Sidewalks	-	None

Utilities:

Electric	-	Arizona Public Service
Natural Gas	-	Southwest Gas
Water/Sewer	-	City of Mesa
Telephone	-	Qwest

The utilities are assumed to be adequate to serve typical uses for the site. Sewer lines are in the area, but not connected to the site. In the event that segments of the subject site are developed with an intense use requiring sewer service, it is likely that the City of Mesa would require that the site be annexed into the City in order to have city services available.

Zoning:

The site is zoned C-3, General Commercial and R-43, Rural Residence District, with a partial overlay zoning for Recreational Vehicle Storage, under the jurisdiction of Maricopa County. Subject parcel Segment A is Zoned C-3, and Segment B is zoned R-43.

The purpose of the C-3 General Commercial District is to provide for commercial uses concerned with wholesale or distribution activities in locations where there is adequate access to major streets or highways.

Principal uses permitted in this zoning district include retail and wholesale commerce and commercial entertainment.

The purpose of the R-43 Rural zoning district, is to conserve and protect farms and other open land uses, foster orderly growth in rural and agricultural areas, and prevent urban and agricultural land use conflicts; but when governmental facilities and services, public utilities and street access are available, or can reasonably be made available, applications for change of this zoning district to any single-family residential zoning district will be given favorable consideration. Principal uses permitted in this zoning district include both farm and non-farm residential uses, farms and recreational and institutional uses. Residential uses are permitted at a density of one dwelling unit per acre.[1]

The north part of Segment B, zoned R-43 has a partial overlay zoning on approximately 10 acres for Recreational Vehicle Storage. This permits the existing open space storage of recreational vehicles, within the screen fence area.

Flood Zone: The site is within a Zone X, per Federal Emergency Management Agency, FIRM Panel No. 04013C2220E, effective date 7/19/2001. Properties with Zone X designation do not require flood insurance. Zone X is defined as areas of a 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 100-year flood.

Restrictions/Easements: The south portion of the larger parcel (Segment B) has access easement rights for two 30 wide access roads that extend from 90th Street to the existing portion of the site, to the portion of the site currently used for RV Storage. These were originally legally described as temporary easements, but did not include specific mention of an expiration date, therefore they are analyzed here as if permanent. No additional unusual restrictions or benefits governing use or development flexibility of the property are known to exist, beyond those associated with zoning, flood plain, and normal public utility issues.

Special Assessments: No special assessment payment liabilities are known to exist.

[1] Excerpt from the Maricopa County Zoning Ordinance.

Adjacent Land Uses:	North:	Commercial buildings and Vacant Land
	West:	Residential Subdivision and commercial building
	South:	Residential sub division
	East:	Mobile home subdivision

Soil, Subsoil,
Environmental Concerns: Unless otherwise stated in this report, the existence of hazardous substances including, without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the properties, or other environmental conditions, were not called to the attention of, nor did the appraiser become aware of such, during the appraiser's inspection. The appraiser is not qualified to test for hazardous substances or conditions. For the purposes of this report, it is assumed that the subject property is not impacted by the presence of any environmentally hazardous conditions, which may impact marketability or value.

Assessment and Taxes: According to the Maricopa County Assessor's Office and the County Treasurer's Office, the subject property is assessed as three parcels. The 2004 assessed value and property taxes are on the following chart.

Tax Parcel No.	Full Cash Value	Limited Value	2004 Taxes	Status
218-41-278A	$841,838	$498,343	$9,418.96	Paid
218-41-280C	$846,713	$501,229	$14,802.28	Paid
218-41-280D	$492,419	$291,497	$8,608.48	Paid

IMPROVEMENTS DESCRIPTION – LARGER PARCEL

The overall subject site consists of an irregular shaped land parcel, containing 30.496 acres, per the description in the previous section of this report. It is segregated for analysis purposes between the north portion that fronts along Apache Trail, as Segment A, and the south as Segment B. A majority of Segment A is improved as two Recreation Vehicle/Mobile Home sale and display lots, with vacant land on the west portion, west of a drainage channel. These display and sale lots are individually identified by their street addresses as 8901 and 8925 East Apache Trail. Both are currently used by a single tenant, dba Eagle Mountain RV Sales. The north portion of Segment B, covering approximately 9.9 acres, is fenced and used as a Recreational Vehicle storage lot, dba Red Mountain RV Storage. The RV sales versus RV storage operations appear to function independently, with the sale lots operating at the Apache Trail side of the property, and the RV storage segment identifying with its easement access road entry that extends from 90th Street, approximately 250 feet south of Apache Trail.

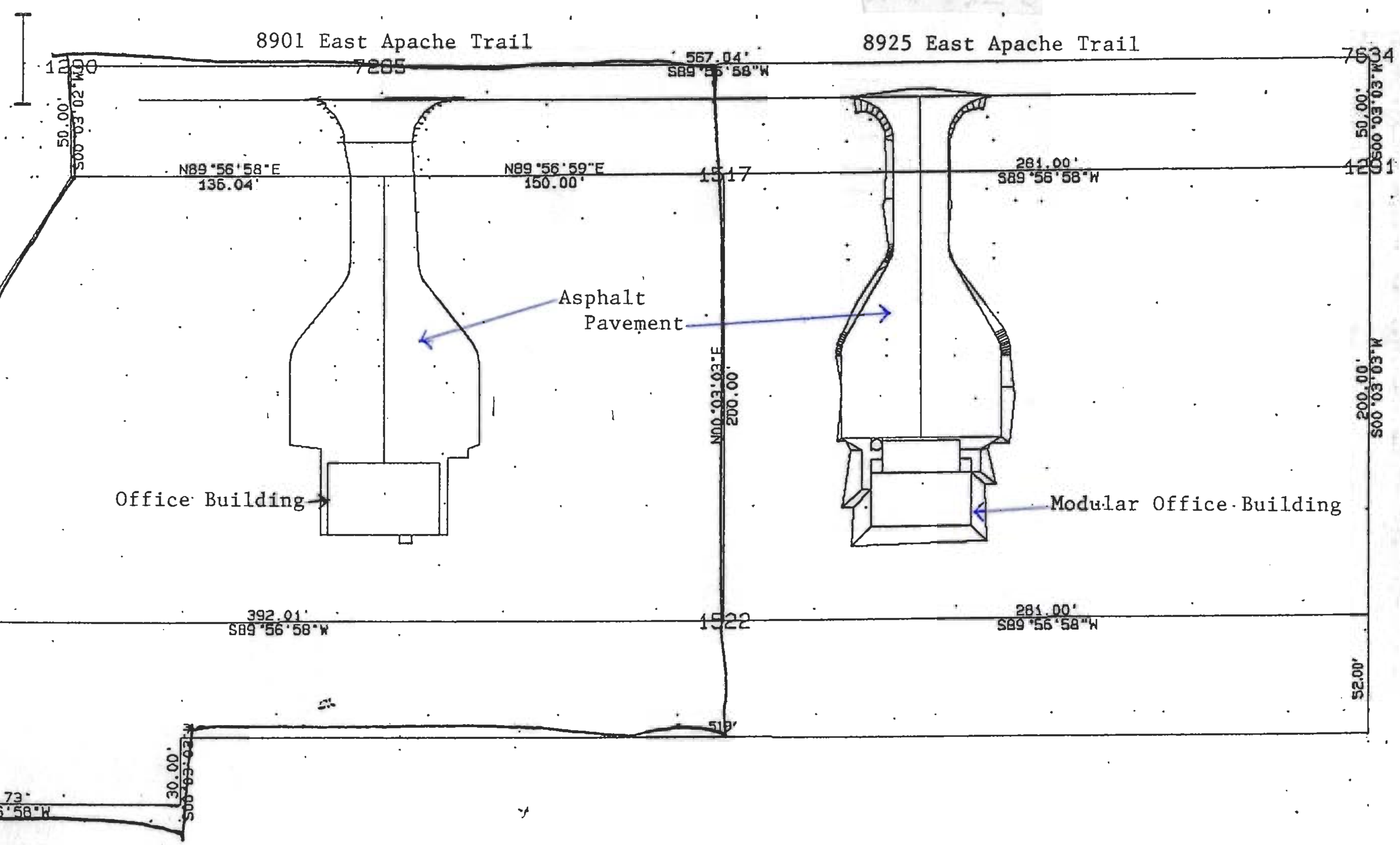
Segment A: Eagle Mountain RV Sales

The subject property improvements on Segment A, on the north part of the Larger Parcel, consist of two side by side recreational vehicle/mobile home sale and display lots. These comprise a majority of Segment A, except for a vacant area of approximately 1.15 acres at the west side, beginning at the drainage channel. The RV sale lots have a low intensity of building improvements, at less than a 2% coverage ratio, as a majority of the lot area is utilized for open space display area, on gravel/crushed granite and level dirt areas. Both sale lots are enclosed by fencing, with no fencing segregating the two segments of the property. Both sale lots are leased/utilized by a single user. An exhibit showing the general layout of Segments A and B, is included on the following page, and photographs are included in an opening segment of this report.

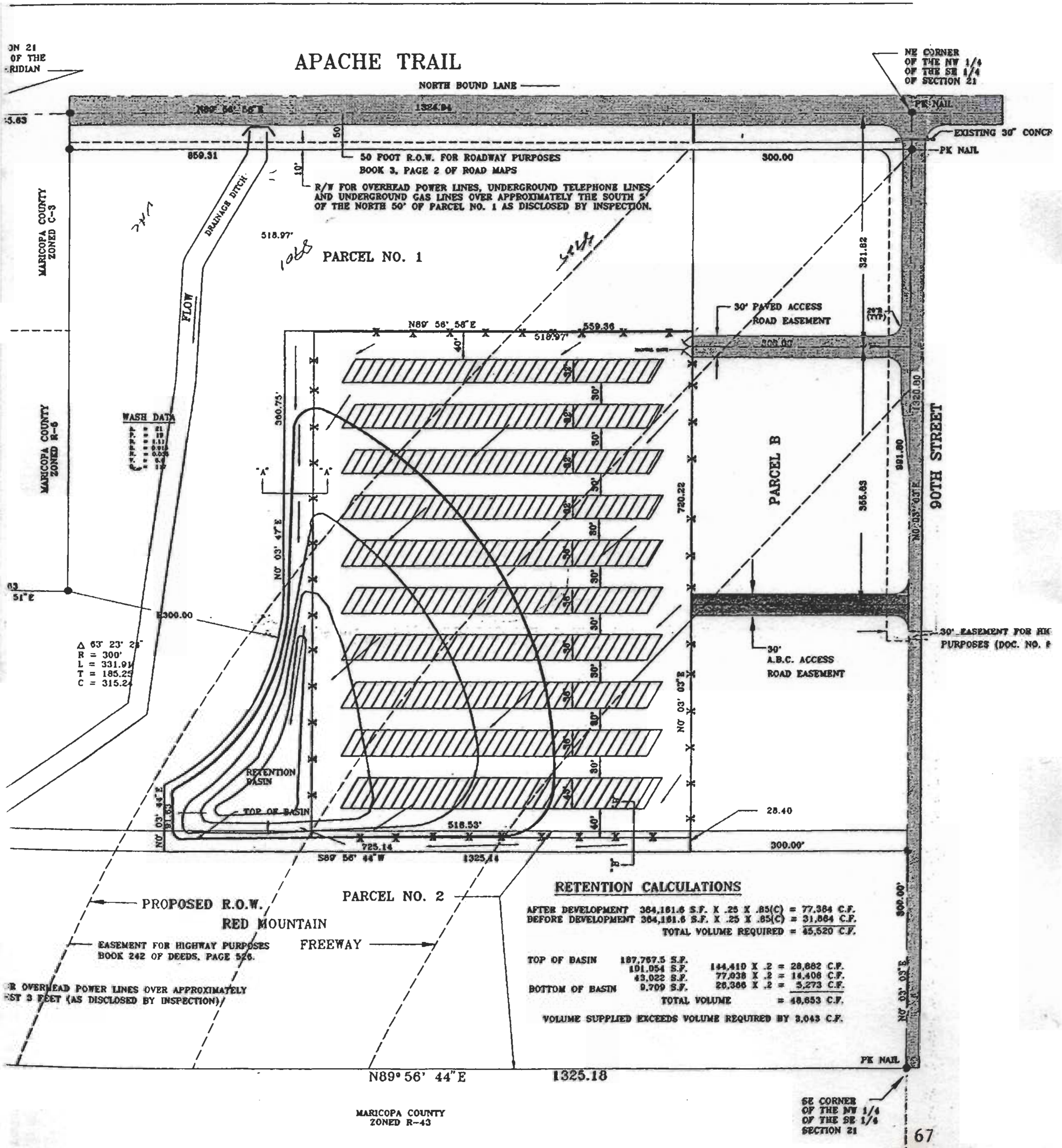
The improvements for Segment A are set up in similar side by side configurations. The overall site has two driveway entrances from the east bound lane of Apache Trail, each leading to a center asphalt paved driveway area, extending to a centrally located single level sales office structures. The office structure at the east segment of the property (8925 East Apache Trail) is a 1,008 s.f. double wide modular building, which is moveable personal property, and is not regarded as real estate within this analysis. A 1,110 s.f. metal canopy maintenance shelter is situated behind the east office structure. The west portion of the RV sales lots (8901 East Apache Trail) has similar configuration, with the asphalt paved driveway entrance in front of the

SUBJECT PROPERTY NORTH SEGMENT A

RECREATIONAL VEHICLE SALES LOTS



RV STORAGE LOT LAYOUT



RETENTION CALCULATIONS

AFTER DEVELOPMENT 364,161.6 S.F. X .25 X .85(C) = 77,384 C.F.
BEFORE DEVELOPMENT 364,161.6 S.F. X .25 X .85(C) = 31,864 C.F.
TOTAL VOLUME REQUIRED = 45,520 C.F.

TOP OF BASIN	187,767.5 S.F.		
	101,054 S.F.	144,410 X .2 =	28,882 C.F.
	43,022 S.F.	77,038 X .2 =	14,406 C.F.
BOTTOM OF BASIN	9,709 S.F.	26,366 X .2 =	5,273 C.F.
	TOTAL VOLUME	=	48,653 C.F.

VOLUME SUPPLIED EXCEEDS VOLUME REQUIRED BY 3,043 C.F.

Depiction of Freeway Alignment is not accurate.

centrally located single level office structure. This west building is a 1,884 s.f. single level wood frame building structure, on a concrete foundation and a concrete slab. Additional site improvements adjacent to this building include two wood frame, wood sided moveable storage structures, currently set on concrete piers. These are not regarded as permanent building structures. Additional overall site improvements include perimeter fencing, and exterior lighting on metal poles, at the center of the site. This description is based on visual observation of the property by the appraiser during inspection. No architectural plans were available to the appraiser.

The existing building improvements where built at approximately 1980[1], and appear to be in average condition, considering normal wear and tear, and periodic maintenance. The improvements as of a current date, have a affective age which is similar to their chronological age of roughly 25 years. They have an estimated economic life of 10-20 years. The existing office building is basically of wood frame construction, with wood exterior siding, on a concrete slab floor with concrete foundation. The roof has a gable style frame structure, and a composition shingle exterior surface. The interior of the building has painted dry wall interior walls and ceiling, and carpeted floors. Heating and cooling is provided by two roof-mounted air conditioners. A two-fixture restroom is located at the east side of the structure. The property is connected to electricity and water. Waste disposal is provided by a septic tank.

Segment B: Red Mountain RV Storage

The northeast portion of Larger Parcel Segment B, encompassing approximately 9.9 acres, is improved as a 368-space recreational vehicle storage lot, operating as Red Mountain RV Storage. This portion of the property is accessed by a single paved access road (easement), which extends west from 90th Street, into the north portion of the storage lot. The storage lot basically is a fenced enclosed area, with a gravel dirt lot surface, where vehicle storage spaces are simply arranged in 32-foot wide rows aligned in an east/west pattern, with 30-foot wide access pads extending between the rows. No significant permanent improvements exist at this site except for the fencing. The individual storage spaces are not served by water or electricity. A water and electric connection is extended to the site, presumably from the property to the north, connecting to a travel trailer parked adjacent to the entrance of the property. This trailer serves as a caretaker’s residence, and office. A small adjacent wood framed shed is adjacent to the travel

[1] Exact construction date is unknown. Public record does not indicate the size of the building, or date of construction.

trailer. Reference is made to an exhibit on a preceding page that depicts the configuration of this property, as well as a drainage retention area adjacent to the southwest side.

The storage lot improvements have very basic construction features, simply as a large fenced enclosure of a gravel surface parking lot. The fence improvements likely are approximately 20-30 years old, and are in fair-good condition.

HIGHEST AND BEST USE

Highest and best use is defined as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility and maximum profitability."[1]

The test of highest and best use is analyzed independently for a property as if vacant, and then as improved, as the conclusions may differ. The existing use of an improved property may continue to be maximally productive even if inconsistent with the highest and best use of the land, until such time that land value exceeds value of the overall property as it exists, plus demolition or modification costs. Perception of highest and best use may change over time, subject to changing influences of competitive market conditions, community tastes, land use requirements (i.e., zoning), investment motivations, local demographic composition, condition/adaptability of the property itself, etc.

The highest and best use of both the land, as if vacant, and the property as improved, is analyzed via the four criteria as indicated in the preceding definition. The highest and best use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive. These criteria are usually examined sequentially recognizing that the factors are interrelated. The general thought process involved with highest and best use determination includes consideration of the type of use for which a property may be applied (such as commercial, versus industrial, versus residential, etc.), and the intensity of the land use (measured by factors such as permitted and practical project density, building height, etc.). Present, proposed, and reasonable alternative use scenarios are examined when applicable, based on questioning the legality of an individual use per zoning and known deed restrictions, and physical possibility of a use as it can be accommodated on a particular site, or within a structure. The appropriateness of use based on compatibility with other uses is also examined, as well as conformity with development trends, and feasibility of the use from a risk and return on investment standpoint.

The two basic segments of the property, as north Segment A, and the balance as Segment B. are analyzed separately within this section of the report, within a combined discussion.

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[1] *The Dictionary of Real Estate Appraisal*, The Appraisal Institute, Fourth Edition 2002, page 135.

Analysis, As If Vacant

Legally Permissible: The north Segment A portion of the larger parcel is zoned C-3, Commercial, while the balance is zoned R-43 Rural Residential. The C-3 zoning permits a wide variety of commercial uses; a significant change in this permitted use is not anticipated. R-43 permits low-density residential uses. Based on a consistency of land uses and zonings in this local area, it is reasonable to consider that south Segment B is likely to be compatible for moderate density residential use. A portion of Segment B permits RV storage use; this has limited practical impact as this use is not an economically productive use of the land compared to other potential land uses.

Physically Possible: The Segment A portion of the subject property is a 4.936 acre land parcel, with direct frontage on Apache Trail. This overall site has good access, visibility, configuration, and size features, with a partial limitation in site usage because a drainage channel exists at the west end of the site. Public utilities are available to the site. The overall size, shape, and location permit a high degree of design flexibility for various types of uses. The Segment B portion of the subject property is a 25.56 land parcel, with access from 90th Street. This overall site has good access and size features, with a partial limitation in site usage because a drainage channel exists at the west end of the site. The configuration is irregular, however it benefits from easement access to 90th Street in addition to direct frontage on 90th Street. Public utilities are available to the site. The overall size, shape, and location permit a good degree of flexibility for various types of uses.

Economically Feasible: The concept of financial feasibility of contemplated use of the subject site for various types of commercial and residential uses, per zoning and long range planning compatibility, is directly related to the current strengths and weaknesses of the market for various types of commercial and residential properties within the competitive market area. The residential segment of the real estate market has been robust in recent years, with new opportunities available in several specialized market segments, such as in luxury condominium segment of the market. The local commercial segments of the real estate industry have emerged as of the end of the last decade, from a previously sluggish period in terms of general marketability. The Phoenix metropolitan area real estate market has been in a sustained growth stage of a real estate cycle, following a recovery phase in the early to mid 1990’s. This had occurred in response to over-building, which occurred in the mid to late 1980’s, which was accompanied by slow response from various users to secure lease space because of a perception of slow/stagnant economic activity. An additional factor previously influencing the market, was a period of distressed financial operation of major lending institutions operating in the Phoenix metropolitan area. The impact of adverse factors has substantially declined, as the inventory and impact of distressed properties is nearly eliminated, financial institutions are now much stronger, and the economy has improved. Real estate oversupply conditions had been virtually eliminated in nearly all segments of the real estate market. Most recently, within the past two years, the local and national economy have experienced weaknesses, which has moderated real estate growth progression, and a moderate increase in vacancy levels in several property types.

Retail Market Observations

This discussion began by indicating that the legally permissible use of the Segment A portion of the site is for commercial oriented use, such as retail or office use, and it has physical characteristics, which allow for a moderate degree of flexibility in potential design and size of possible building improvements. According to the Retail Market Report for Metropolitan Phoenix, Fourth Quarter 2004, published by the Arizona Real Estate Center, W. P. Carey School of Business, Arizona State University, the total inventory of retail space, in the Phoenix metropolitan area, both existing and under construction, was 103,648,287 s.f. The vacancy level was 10.3% for the entire metropolitan area, and 11 % in the southeast submarket area of the subject property. Prevailing relatively high levels of vacancy in the retail segment of the market had existed in the early 1990's, with substantial improvement experienced in the mid to late 1990's, then recent declines. A chart demonstrating local market conditions for the retail segment of the market, including the geographical submarket area of the subject, property is indicated below.

PHOENIX RETAIL MARKET

Sub-market	Total Inventory S.F.[1]	Median Rent Rate	Vacancy	Past Year Absorption (S.F.)
Central	10,843,270	$13.00	10.4%	401,516
Northeast	21,190,413	$18.50	9.3%	788,915
Northwest	24,673,903	$13.00	9.8%	945,672
Southeast	40,324,457	$13.00	11.0%	1,548,297
Southwest	6,616,244	$12.00	11.0%	798,309
Metropolitan Total	103,648,287	$14.00	10.3%	4,482,709

[1] Does not include owner occupied space.

Source: Arizona Real Estate Center, W. P. Carey School of Business, Arizona State University, Second Quarter 2004

Review of the recent statistics indicate a rise in the overall vacancy rate by approximately 2% over the past 3 years, with recent stability while the inventory expanded. Projects which have been proposed in top grade locations in new active growth areas are proceeding, while others in secondary choice locations are slower to introduce. A general trend is evident for modestly increasing lease rates and property values.

Office Market Observations

An alternative potential use of the property is for office oriented development. According to the Phoenix Metropolitan Office Market Report – Fourth Quarter 2004, prepared by the Arizona Real Estate Center, which surveys office buildings of at least 10,000 square feet with some portion being available for speculative leasing, the total metropolitan area office inventory is approximately 57,820,701 square feet. Of the total inventory surveyed, there was an average vacancy rate of 22% for that period, which is a significant increase over the 12.7% vacancy rate reported in the third quarter of 2000.

The chart below demonstrates current office market conditions in Metropolitan Phoenix, segregated by geographical region, or sub-market. The subject property is geographically located within the southeast region, within this survey, which reported a vacancy rate of 23.1%, which is an increase over the vacancy rate of approximately 18 % reported in the third quarter of 2000.

OFFICE MARKET SURVEY[1]

Region	Rentable S.F.	Vacancy	Past 12 Months Absorption (S.F.)	2004 Qtr. 4 Net Absorption (S.F.)	Median Asking Rate
Central Phoenix					
Downtown	6,357,767	16.1%	130,387	(3,218)	$40.00
Uptown	11,119,594	23.6%	(130,534)	(66,285)	$30.00
Camelback Corridor	7,570,108	20.6%	47,556	78,156	$35.00
Gateway Corridor	2,196,036	26.2%	142,330	54,484	$35.00
East Phoenix	982,752	25.3%	(14,274)	(29,397)	$25.00
North Central	1,883,952	23.1%	32,219	(2,801)	$30.00
Suburban					
Northeast	11,915,458	20.0%	505,087	165,087	$25.00
Northwest	7,049,658	27.8%	100,103	(35,576)	$25.00
Southeast	8,745,376	23.1%	191,030	30,037	$25.00
Total	57,820,701	22.2%	1,004,597	190,487	$30.00

[1] Source: Phoenix Metropolitan Office Market Report – Fourth Quarter 2004, and Prior Quarters. Published by the Arizona Real Estate Center

The subject property is identified as being within the Southeast region. This region is comprised of a total of 8,745,376 s.f., with a vacancy rate of 23.1%. It has experienced a modest net positive absorption of 191,030 s.f., over the past year. It is recognized that the office segment of the overall real estate market has experienced the most significant negative influence from the difficult economic conditions which evolved over the past several years, compared to other product types. Statistics from other reliable sources, such as Grubb & Ellis Company, indicate contraction in the office market, over the past few years, with a modest level of recent net overall absorption. A modestly active market continues to exist, however the inventory of available properties has also increased.

The demographics and neighborhood composition of the specific area of the subject property have contributed to mixed performance of both office and retail properties within this local market area. This site does not have a strong level of marketability for office use are this time.

Synopsis, Segment A

It is concluded that various properties in this area are compatible for a variety of mixed use development projects at this time, from a feasibility perspective. The exact choice of product type, development intensity, pricing, etc., is impacted by a wide variety of factors, including location. The specific location and adjacent property use orientation of the subject property leads to the conclusion that a retail or general sales use project is likely to be the most appropriate use for Segment A.

Segment B

Subject property Segment B as a 25.56-acre site, has residential use characteristics because of location and zoning. It is located in the southeast portion of the metropolitan area, within the City of Mesa. This is a progressive, growth oriented area. The overall pace of home building activity throughout the metropolitan area, has been strong for an extended period of time, per the statistics presented in the location section of this report. The Apache Trail/Main Street corridor has not experienced significant development activity over the past several years. However, due to the pace of development activity within relatively close proximity, this general location is considered generally desirable and marketable for homebuilding use.

Moderate density residential development use is considered to be an economically productive use of Segment B.

Maximally Productive: The Segment A portion of the subject property has use compatibility for commercial uses, per zoning and planning guidelines. This analysis does not specifically anticipate the specific type and magnitude of the use configurations which represent maximum productive use of the site, however a retail/commercial use configuration, with a 10%-30% coverage ratio is a likely scenario. The Segment B portion of the subject property has use compatibility for moderate density residential uses, per zoning and use compatibility guidelines. The anticipated maximally productive project density is likely to be within a range of 6-10 dwelling units per acre.

Conclusion: The combination of these factors leads to the conclusion that the highest and best use of the Segment A portion of the subject site, as if vacant, is for a commercial land use, as market conditions warrant. Alternatively, the highest and best use of the Segment B portion of the subject site, as if vacant, is for a moderate density residential land use, as market conditions warrant.

APPRAISAL PROCESS – LARGER PARCEL

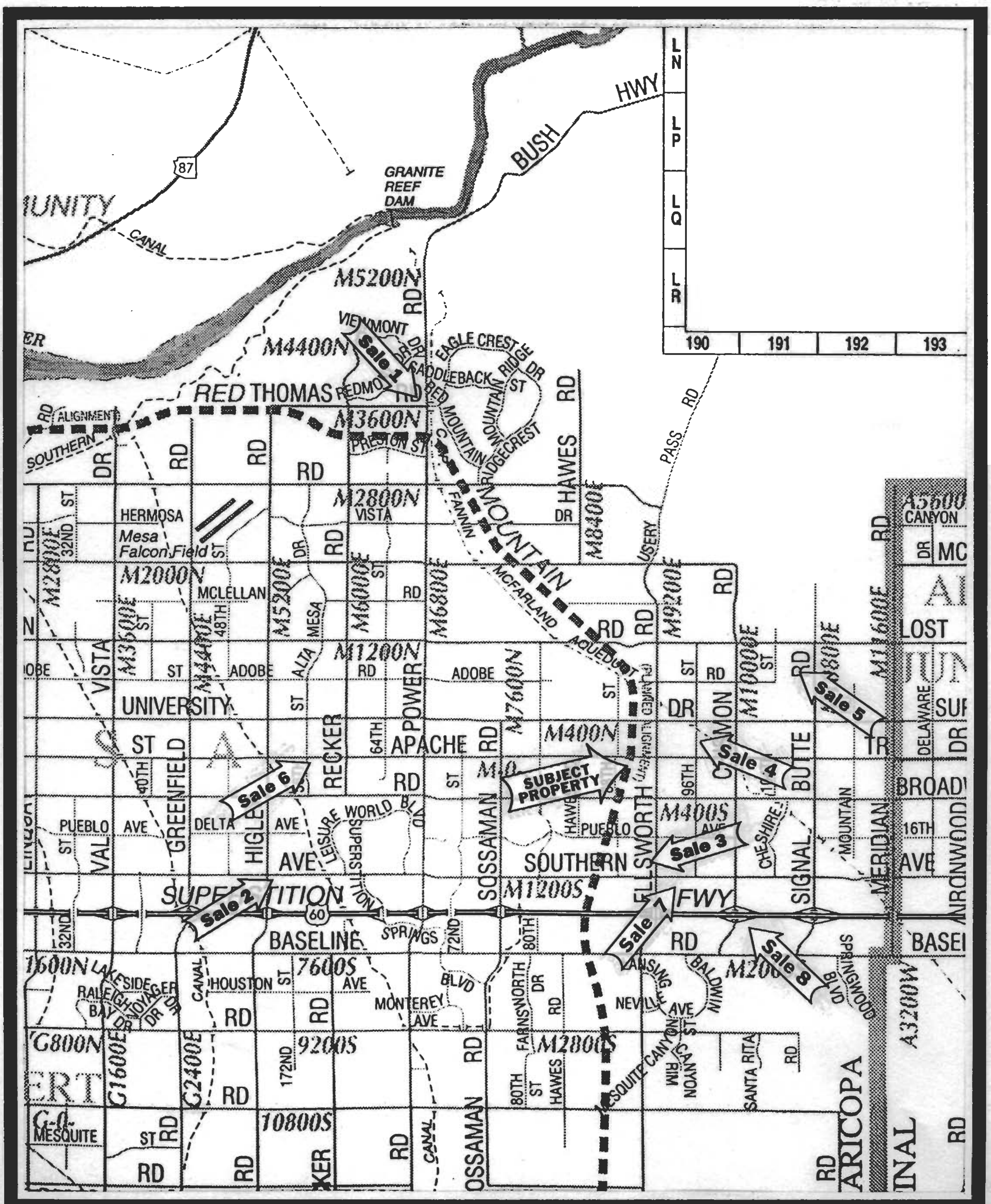
Estimation of the value of the subject property, as defined in this report, as of the indicated date of value, has been approached utilizing guidelines set forth in the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation and the Appraisal Institute. As previously explained, the larger parcel is analyzed in two basic segments, as north 4.936 acre Segment A, compatible for commercial use, and the 25.56 acre balance as Segment B, compatible for residential use. The appraisal report is Limited to the extent that it does not attempt to address value potential of site improvements, except for those within the taking area, or directly impacted by the take. This occurs for Segment A because a majority of the on-site building improvements as a part of an overall property value, are not considered to be adversely impacted by the proposed partial taking. In the case of the RV storage operation on Segment B, the storage lot improvements are to have minimal, if any contributing value to the overall property, because this existing use of a part of the Segment B portion of the property is inconsistent with the estimated highest and best use of the property, before the take.

The valuation procedure utilized is the Sale Comparison Approach. This is a method where recent sales of comparable land properties are analyzed with respect to the subject property, making adjustments for various features and amenities, with respect to the subject property. Other valuation approaches such as the Cost, Income, and Improved Sale Comparison approaches, are not applicable, because the site is analyzed as undeveloped land.

SALES COMPARISON APPROACH

A search of the public records and discussions with knowledgeable realtors and property owners has revealed land transaction information which is used as a guide in estimating land value for the subject parcel, analyzed in it two segments. Commercial use land sales are appropriate for the analysis of larger parcel Segment A, and residential use site transactions appropriate for the analysis of Segment B. Outlines of comparable sales, and an analysis of the sale data are located on the next pages. The map on the next page indicates the location of each of the land sales with respect to the subject property.

Land Sales Map



LAND SALE COMPARISON 1

Identification:

Type:	Land Parcel (5.56 acres = 242,194 s.f.)
Location:	North side of Thomas Road approximately 200 feet west of Power Road, Mesa
Assessor Parcel Number:	141-70-722N
Legal Description:	Portion of the SE4, Section 25, T2N, R3E

Transaction Data:

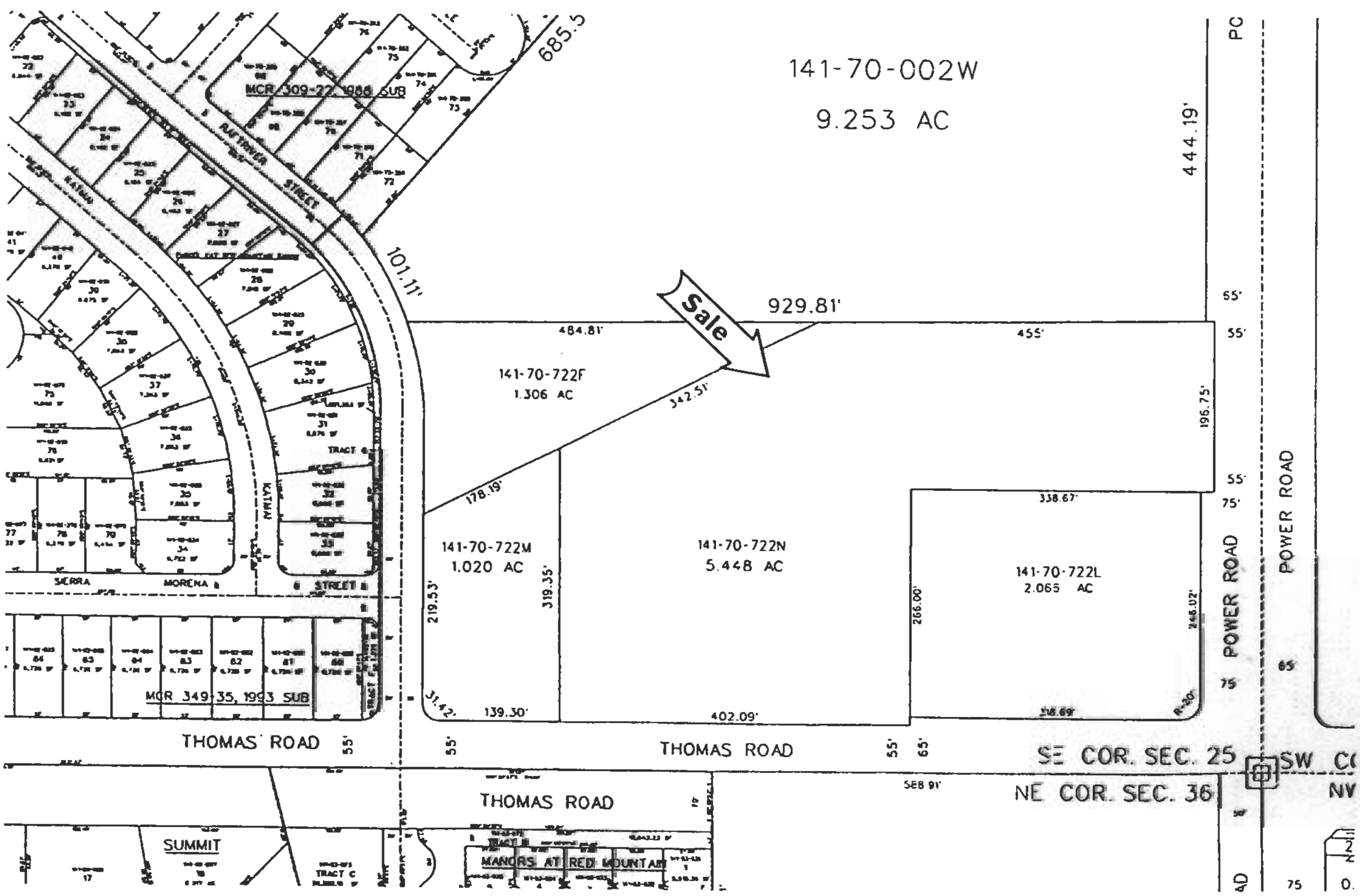
Date of Sale:	12/04
Grantor:	Town Center, LLC
Grantee:	Zahara at Las Sendas, LP
Price:	$1,542,398
Price Per Unit:	$6.37/s.f.
Terms:	Cash
Cash Equivalency Price:	N/A
Adjusted Price Per Unit:	N/A
Instrument Type/Number:	Deed / 04-1514503
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arms Length Transaction
Prior Sales:	No known additional arms length transactions in the past three years.
Marketing Time:	One year
Confirmation:	Public records; Kathleen Morgan, GPE Commercial Real Estate, 480-994-8155

Site Data:

Size:	5.56 acres = 242,194 s.f.
Shape/Dimensions:	L shape
Topography:	Level
Site Location:	On section line road
Legal Access:	Thomas Road, Power Road
Street Improvements:	Fully improved
Visibility:	Average
Utilities:	All public available
Zoning:	C-2, Mesa
Zoning Change:	N/A
Highest and Best Use:	Commercial development

Comments: Buyer plans to build an office condominium complex on this site. This site has frontage on Thomas Road and Power Road excluding the corner. The broker indicated that the buyer told her that they have sold and leased a number of units before beginning any construction.

LAND SALE


141-70-002W
9.253 AC
685.5
444.19'
101.11'
Sale
929.81'
484.81'
455'
141-70-722F
1.306 AC
342.51'
196.75'
178.19'
338.67'
141-70-722M
1.020 AC
141-70-722N
5.448 AC
141-70-722L
2.065 AC
219.53'
319.35'
266.00'
246.02'
139.30'
402.09'
MCR 309-27, 1986 SUB
MCR 349-35, 1993 SUB
THOMAS ROAD
THOMAS ROAD
THOMAS ROAD
POWER ROAD
POWER ROAD
SE COR. SEC. 25
NE COR. SEC. 36
SW C
SUMMIT
MANORS AT RED MOUNTAIN
55'
65'
75'

LAND SALE COMPARISON 2

Identification:

Type:	Land Parcel (11.058 acres)
Location:	Southeast corner of Southern Avenue and Higley Road, Mesa
Assessor Parcel Number:	141-53-038H
Legal Description:	Portion of the NW4, Section 35, T1N, R6E

Transaction Data:

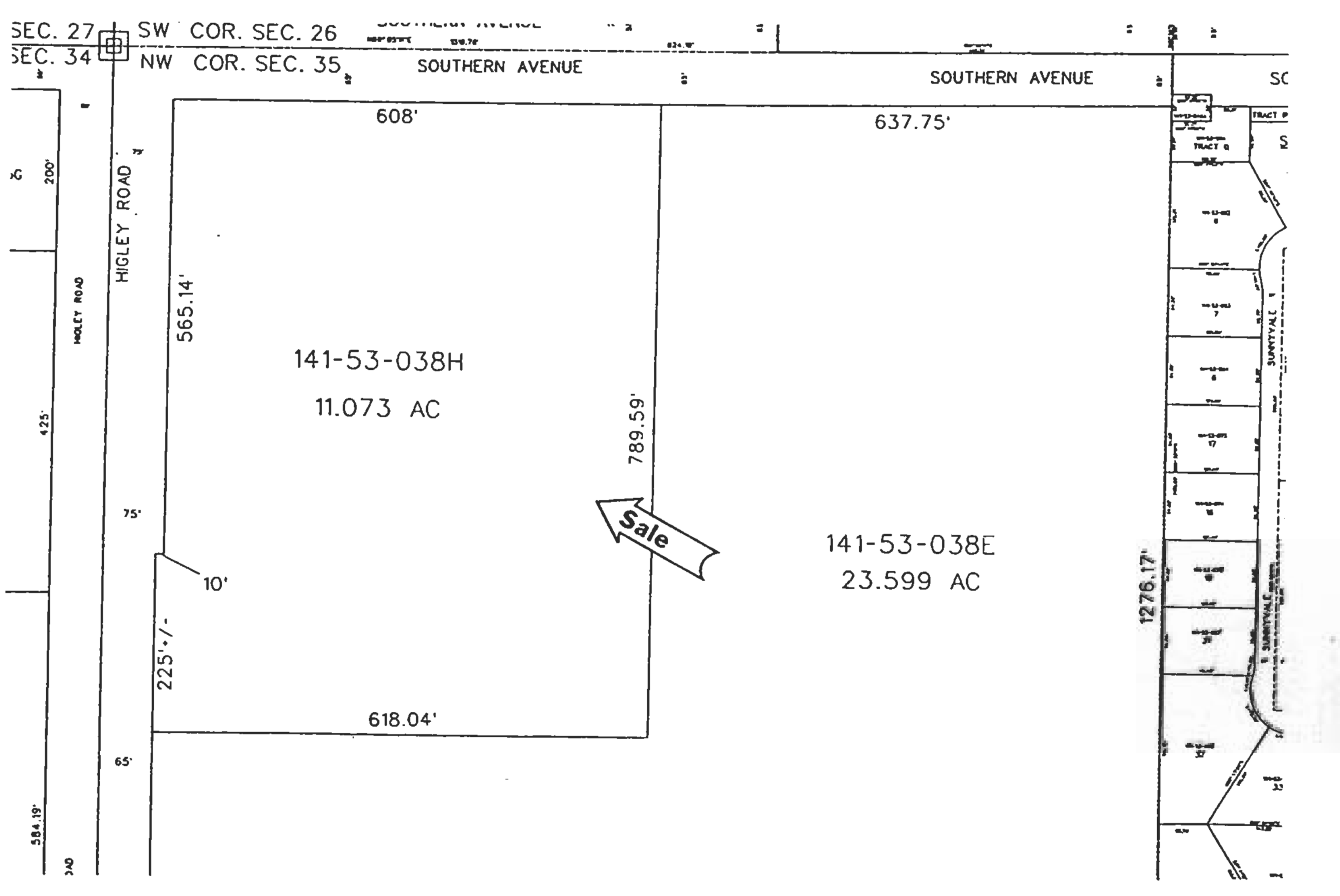
Date of Sale:	7/04
Grantor:	Southern and Higley Realty Partners
Grantee:	AVB S&H, LLC, et al.
Price:	$2,950,000
Price Per Unit:	$6.12/s.f.
Terms:	Cash to Seller; Buyer paid $150,000 down and financed $7,900,000 with S&T Bank as a construction loan; terms not revealed.
Cash Equivalency Price:	N/A
Adjusted Price Per Unit:	N/A
Instrument Type/Number:	Deed / 04-0888254
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arms Length Transaction
Prior Sales:	No known additional arms length transactions in the past three years.
Marketing Time:	Not on the market
Confirmation:	Public records; Desiree, AVB Development Partners, 480-429-7600

Site Data:

Size:	11.058 acres
Shape/Dimensions:	Rectangular
Topography:	Level
Site Location:	On section line road
Legal Access:	Southern Avenue, Higley Road
Street Improvements:	Fully improved
Visibility:	Average
Utilities:	All public available
Zoning:	C-2, Mesa
Zoning Change:	N/A
Highest and Best Use:	Commercial development

Comments: Buyer is building a strip center on this site to be known as “Sprouts Center.” The roadways are fully improved at the perimeter, but require widening and other improvement at buyer expense, as a development requirement.

LAND SALE


SEC. 27
SEC. 34
SW COR. SEC. 26
NW COR. SEC. 35
SOUTHERN AVENUE
SOUTHERN AVENUE
HIGLEY ROAD
608'
637.75'
565.14'
141-53-038H
11.073 AC
789.59'
Sale
141-53-038E
23.599 AC
10'
225'+/-
618.04'
1276.17'
200'
425'
75'
65'
584.19'
TRACT Q

LAND SALE COMPARISON 3

Identification:

Type:	Land Parcel (2.112 acres = 92,018 s.f.)
Location:	Northwest corner of Ellsworth Road and Florian Avenue, Mesa
Assessor Parcel Number:	208-48-005A
Legal Description:	Lot 9, Barry's Estates

Transaction Data:

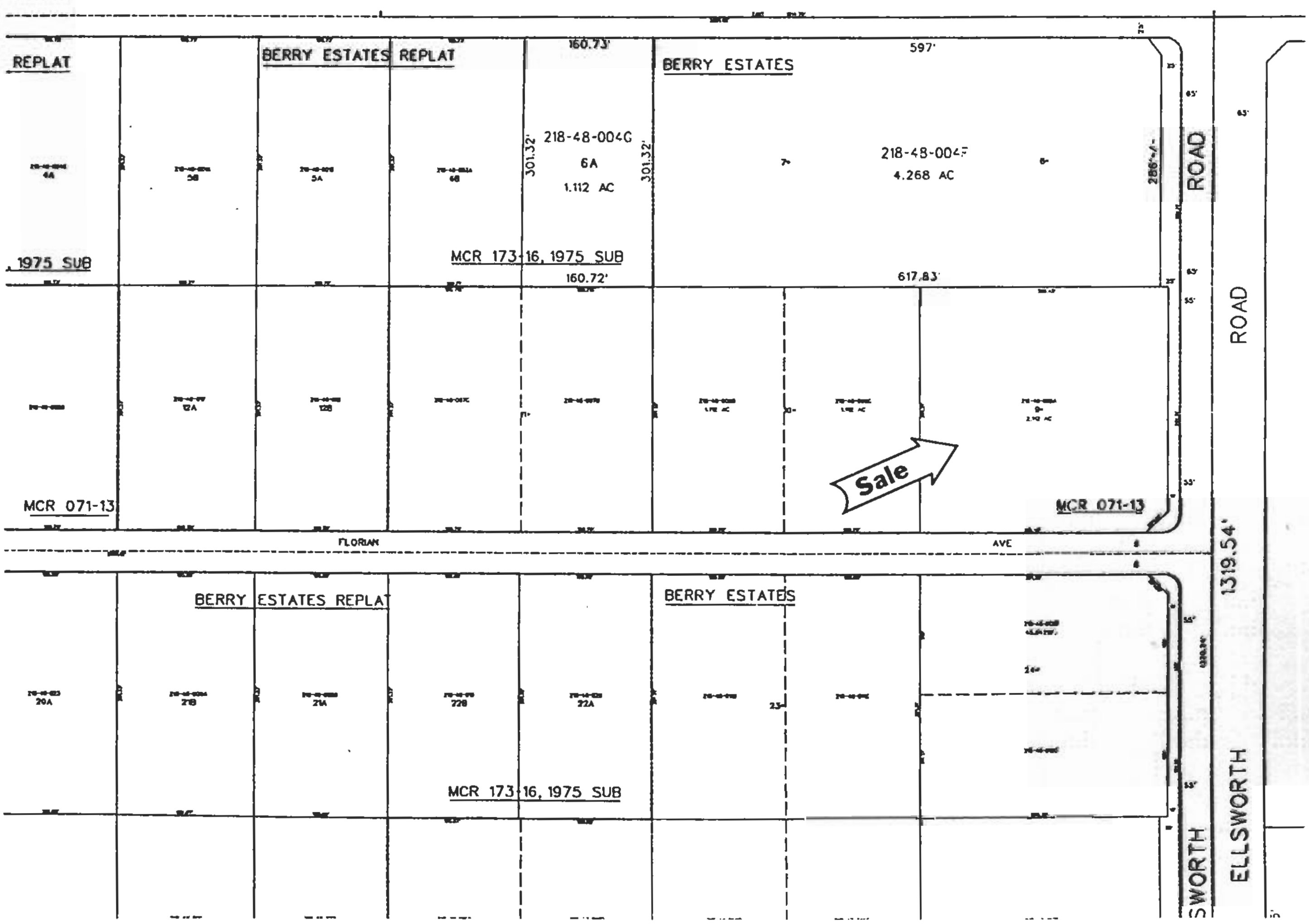
Date of Sale:	6/04
Grantor:	William A. and Lucile A. Beaulieu
Grantee:	Mesa Celebration Center of the Assembly's of God
Price:	$514,000
Price Per Unit:	$5.59/s.f.
Terms:	Cash to seller; buyer secured a $1,593,000 loan with the Assembly's of God finance services all due in 25 years. All other terms not revealed.
Cash Equivalency Price:	N/A
Adjusted Price Per Unit:	N/A
Instrument Type/Number:	Deed / 04-0690896
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arms Length Transaction
Prior Sales:	No known additional arms length transactions in the past three years.
Marketing Time:	Letter of Intent
Confirmation:	Public records; Seller

Site Data:

Size:	2.112 acres = 92,018 s.f.
Shape/Dimensions:	Rectangular
Topography:	Level
Site Location:	On section line road
Legal Access:	Ellsworth Road, Florian Avenue
Street Improvements:	Fully improved
Visibility:	Average
Utilities:	All public available
Zoning:	C-1, Mesa
Zoning Change:	N/A
Highest and Best Use:	Commercial development

Comments: Buyer plans on constructing an expansion of contiguous to the north boundary of this site, known as Celebration Christian Center.

LAND SALE


REPLAT
BERRY ESTATES REPLAT
160.73'
BERRY ESTATES
597'
6A
1.112 AC
301.32'
301.32'
4.268 AC
286'+/-
ROAD
1975 SUB
MCR 173-16, 1975 SUB
160.72'
617.83'
ROAD
MCR 071-13
Sale
MCR 071-13
FLORIAN
AVE
1319.54'
BERRY ESTATES REPLAT
BERRY ESTATES
MCR 173-16, 1975 SUB
ELLSWORTH
SWORTH

LAND SALE COMPARISON 4

Identification:

Type:	Land Parcel (5.49 acres = 239,238 s.f.)
Location:	Southeast corner of 96th Street and Boise Street, Mesa
Assessor Parcel Number:	220-31-001F
Legal Description:	Portion of the W2, W2, SW4, NE4, Section 22, T1N, R7E

Transaction Data:

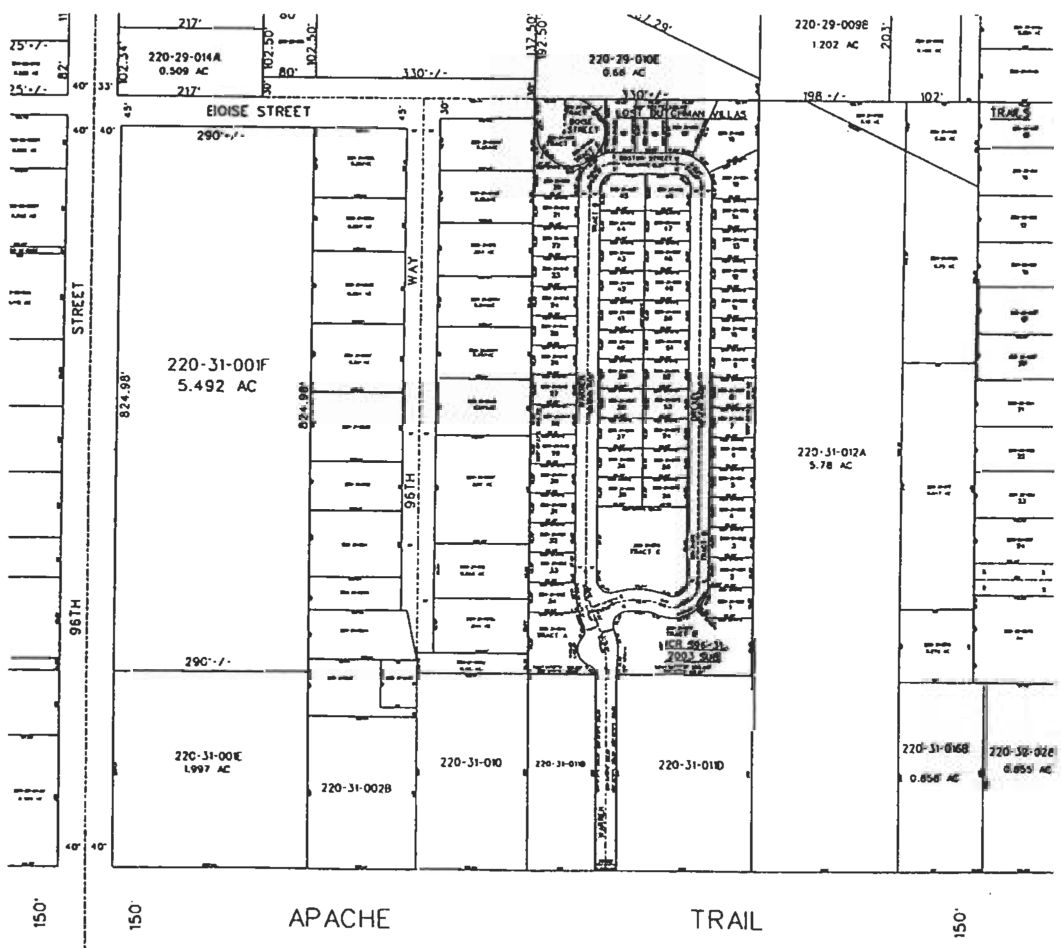
Date of Sale:	5/05
Grantor:	Mary L. Jerome Imperial
Grantee:	Not revealed
Price:	$800,000
Price Per Unit:	$145,719/acre; $3.34/s.f.
Terms:	Cash
Cash Equivalency Price:	N/A
Adjusted Price Per Unit:	N/A
Instrument Type/Number:	Deed/per contract
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arms Length Transaction
Prior Sales:	No known additional arms length transactions in the past three years.
Marketing Time:	370 days
Confirmation:	Public Records; Brian Evans, Sun American Properties, 480-988-0060

Site Data:

Size:	5.49 acres = $239,238
Shape/Dimensions:	Rectangular
Topography:	Level
Site Location:	On neighborhood street
Legal Access:	96th Street
Street Improvements:	96th Street is asphalt paved.
Visibility:	Average
Utilities:	All public available
Zoning:	R-5, Maricopa County
Zoning Change:	N/A
Highest and Best Use:	Residential Development

Comments: The buyer plans to build a high density residential project on this site.

LAND SALE



ELOISE STREET
LOST DUTCHMAN VILLAS
220-29-014A
0.509 AC
220-29-010E
0.68 AC
220-29-009E
1.202 AC
220-31-001F
5.492 AC
824.98'
290'+/-
96TH STREET
96TH WAY
220-31-012A
5.78 AC
220-31-001E
1.997 AC
220-31-002B
220-31-010
220-31-011D
0.858 AC
APACHE
TRAIL
150'

<u>LAND SALE COMPARISON 5</u>

Identification:

Type:	Land Parcel (38.79 acres)
Location:	West side of Signal Butte Road approximately ¼ mile south of Brown Road, Mesa
Assessor Parcel Number:	220-13-010
Legal Description:	Portion of the SE4, NE4, Section 14, T1N, R7E

Transaction Data:

Date of Sale:	2/05
Grantor:	RFK, LLC
Grantee:	LBR Properties, LLC
Price:	$4,200,000
Price Per Unit:	$108,275/acre
Terms:	Cash
Cash Equivalency Price:	N/A
Adjusted Price Per Unit:	N/A
Instrument Type/Number:	Deed / 05-0245923
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arms Length Transaction
Prior Sales:	No known additional arms length transactions in the past three years.
Marketing Time:	Letter of Intent
Confirmation:	Public records; Ken Elmer, EBS & Associates, 480-348-1600

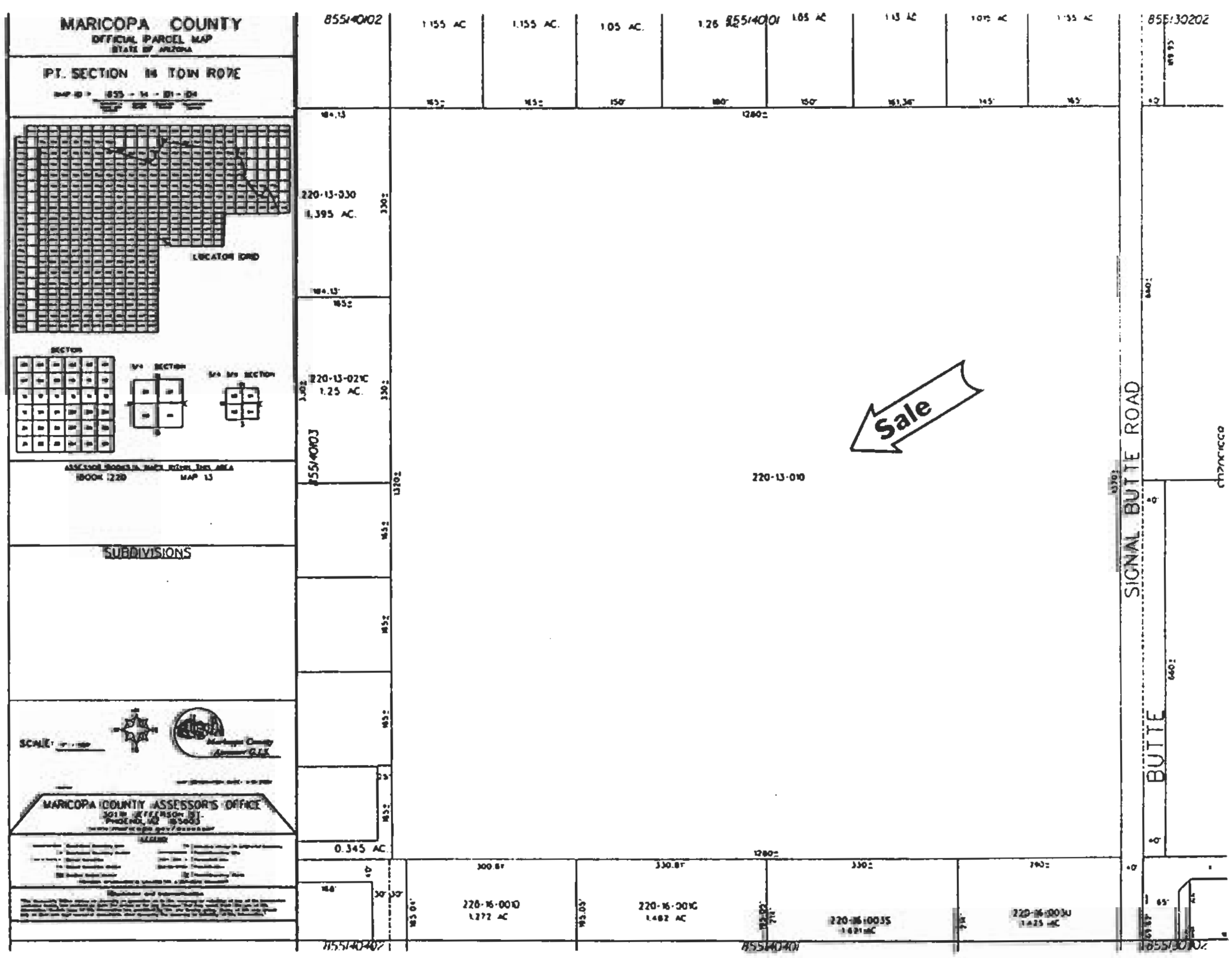
Site Data:

Size:	38.79 acres
Shape/Dimensions:	Rectangular
Topography:	Level
Site Location:	On section line road
Legal Access:	Signal Butte Road
Street Improvements:	Signal Butte Road is asphalt paved
Visibility:	Average
Utilities:	Septic system, all other utilities public available
Zoning:	R-43, Maricopa County
Zoning Change:	N/A
Highest and Best Use:	Residential development

Comments: The broker indicated that the buyer purchased pre platted and approved land. Buyer will pay for all costs of finishing entitlement. This is a 32 one acre single-family residential subdivision known as “Adobe Meadows”.


ADOBE MEADOWS
ONE ACRE LOTS FOR SALE

LAND SALE


MARICOPA COUNTY
OFFICIAL PARCEL MAP
STATE OF ARIZONA
LOCATOR GRID
SECTION
SUBDIVISIONS
SCALE
MARICOPA COUNTY ASSESSOR'S OFFICE
1.155 AC
1.155 AC.
1.05 AC.
1.26
1.05 AC
220-13-030
1.395 AC.
220-13-021C
1.25 AC.
220-13-010
Sale
SIGNAL BUTTE ROAD
BUTTE
0.345 AC
220-16-001D
1.272 AC
220-16-001G
1.482 AC

LAND SALE COMPARISON 6

Identification:

Type:	Land Parcel (9.3664 acres = 408,000 s.f.)
Location:	Southeast corner of Apache Trail and 56th Street, Mesa
Assessor Parcel Number:	Portion of 141-50-008D
Legal Description:	Portion of the SE4, NW4, N2, Section 23, T1N, R6E

Transaction Data:

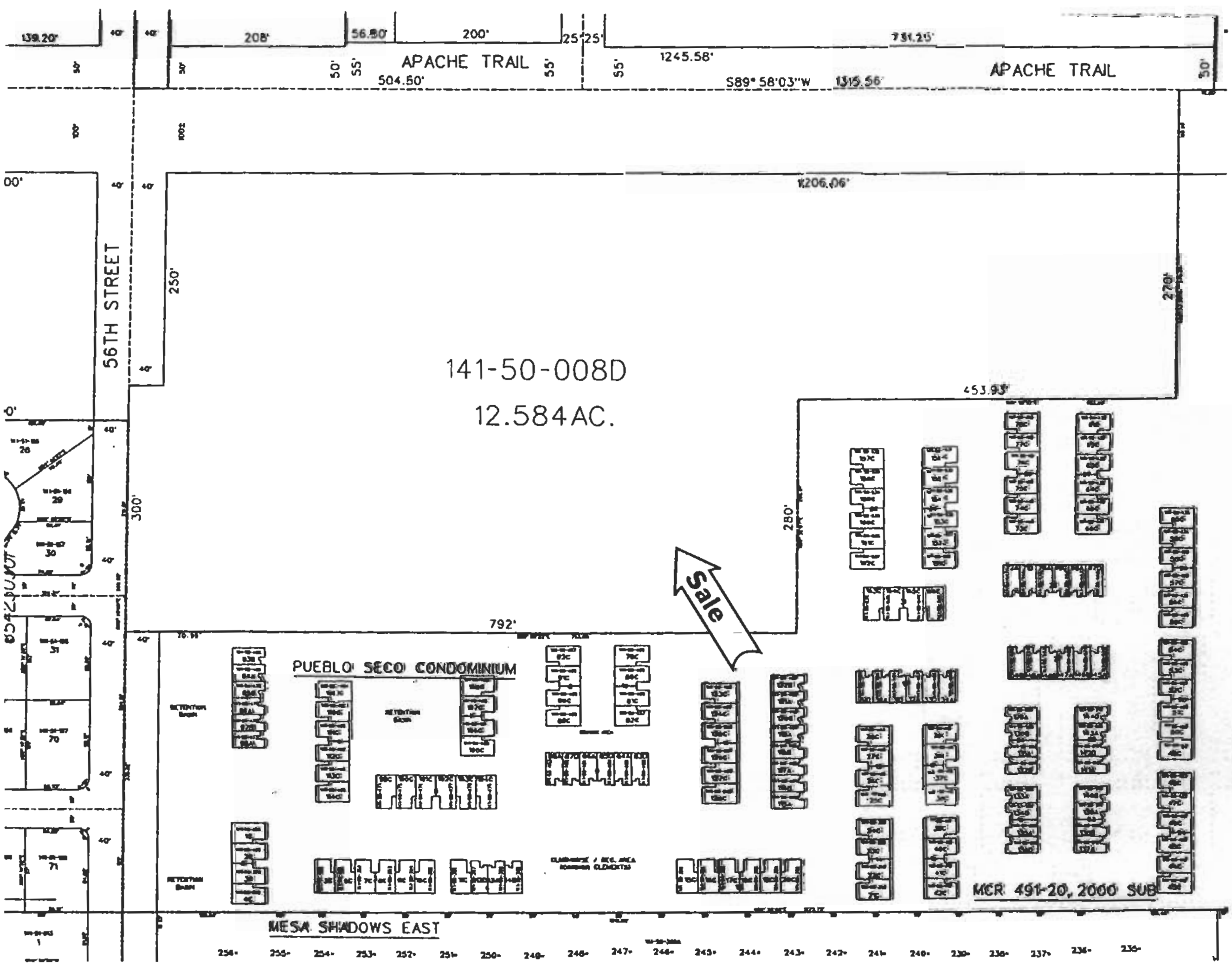
Date of Sale:	11/04
Grantor:	E. J. M Development Company
Grantee:	Dragomir and Slavica Mikalacki, et al
Price:	$959,709
Price Per Unit:	$102,463/acre or $2.35/s.f.
Terms:	Cash
Cash Equivalency Price:	N/A
Adjusted Price Per Unit:	N/A
Instrument Type/Number:	Deed / 04-1375805
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arms Length Transaction
Prior Sales:	No known additional arms length transactions in the past three years.
Marketing Time:	Not on the market
Confirmation:	Public records; Buyer

Site Data:

Size:	9.3664 acres = 408,000 s.f.
Shape/Dimensions:	Rectangular
Topography:	Level
Site Location:	On major arterial road
Legal Access:	Apache Trail, 56th Street
Street Improvements:	Fully improved
Visibility:	Average
Utilities:	All public available
Zoning:	R-2 and C-2, Mesa
Zoning Change:	N/A
Highest and Best Use:	Commercial development

Comments: This site is to be jointly developed as a residential and retail project. Approximately 7.9 acres of the site is to be built out as a 58 unit residential subdivision called "Main Street Casitas", with the individual homes to be priced at $220,000. The corner pad is reserved for future commercial land use, conceivably for a retail use of approximately 14,000 s.f. This entire site was previously zoned C-2, Commercial, with a significant portion rezoned to R-2 by the buyer during escrow.

LAND SALE



APACHE TRAIL
APACHE TRAIL
56TH STREET
141-50-008D
12.584AC.
Sale
PUEBLO SECO CONDOMINIUM
MESA SHADOWS EAST
MCR 491-20, 2000 SUB
1245.58'
504.50'
1206.06'
453.93'
792'
250'
300'
280'

<u>LAND SALE COMPARISON 7</u>

Identification:

Type:	Land Parcel (35.101 acres)
Location:	South side of Southern Avenue approximately ¼ east of Ellsworth Road, Mesa
Assessor Parcel Number:	220-80-002S
Legal Description:	Portion of the E2, NW4, Section 34, T1N, R7E

Transaction Data:

Date of Sale:	6/04
Grantor:	Boa Sortee, LP, et al.
Grantee:	K B Homes Phoenix, Inc.
Price:	$4,211,916
Price Per Unit:	$119,994/acre
Terms:	Cash
Cash Equivalency Price:	N/A
Adjusted Price Per Unit:	N/A
Instrument Type/Number:	Deed / 04-0690231
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arms Length Transaction
Prior Sales:	No known additional arms length transactions in the past three years.
Marketing Time:	N/A
Confirmation:	Public records; Buyer

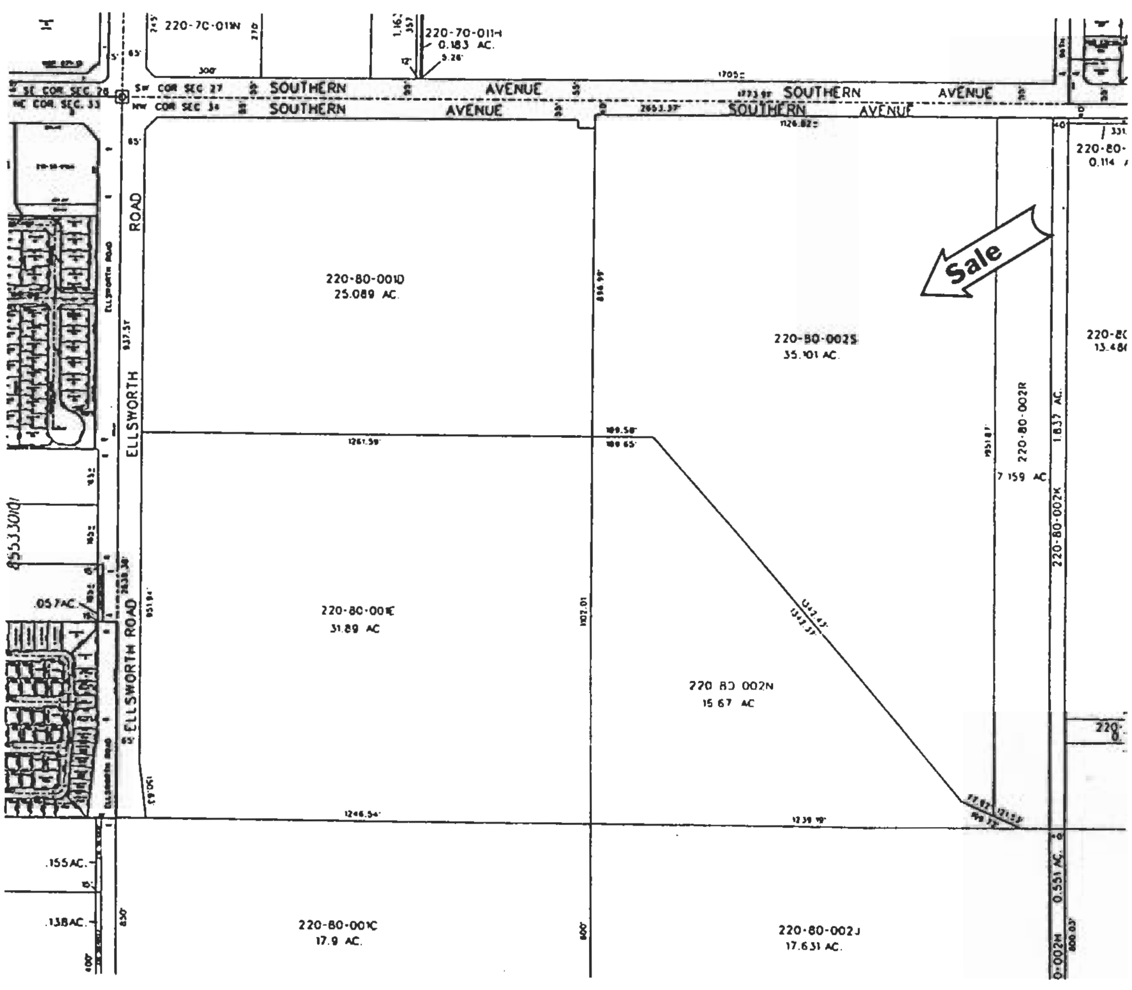
Site Data:

Size:	35.101 acres
Shape/Dimensions:	Irregular
Topography:	Level
Site Location:	On section line road
Legal Access:	Southern Avenue
Street Improvements:	Southern Avenue is asphalt paved
Visibility:	Average
Utilities:	All public available
Zoning:	R-43, Mesa
Zoning Change:	Yes, R2 with PAD overlay
Highest and Best Use:	Residential development

Comments: Buyer is building a 366-lot townhouse residential subdivision on this site known as Muirfield Village. Each building will contain 3 townhouses. The project density is at 10.4 dwelling units per acre.


KB HOME
COMING SOON

LAND SALE


SOUTHERN AVENUE
ELLSWORTH ROAD
Sale
220-80-001D
25.089 AC.
220-80-002S
35.101 AC.
220-80-001E
31.89 AC
220 80 002N
15.67 AC
220-80-002R
7.159 AC
220-80-002K
1.839 AC.
220-80-001C
17.9 AC.
220-80-002J
17.631 AC.
220-70-011H
0.183 AC.
220-70-011N

<u>LAND SALE COMPARISON 8</u>

Identification:

Type:	Land Parcel (43.82 acres)
Location:	Southeast corner of Crismon Road and Superstition Freeway (U.S. 60) Mesa
Assessor Parcel Number:	220-81-006K, 089, 372
Legal Description:	Portion of the SW4, Section 35, T1N, R7E

Transaction Data:

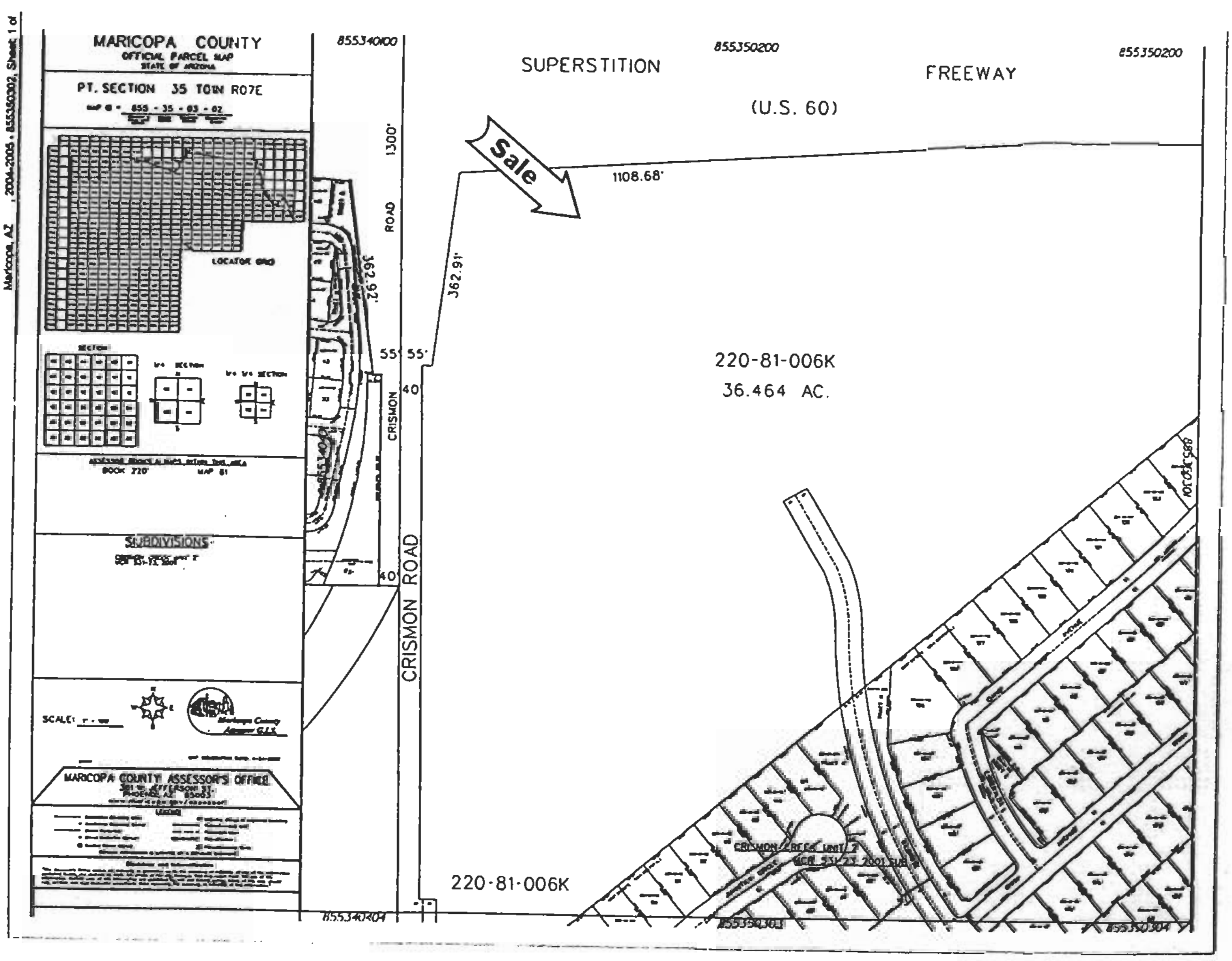
Date of Sale:	5/04
Grantor:	JMJ Land Company, LP
Grantee:	K. Hovnanian Great Western Homes
Price:	$3,300,000
Price Per Unit:	$75,308/acre
Terms:	Cash
Cash Equivalency Price:	N/A
Adjusted Price Per Unit:	N/A
Instrument Type/Number:	Deed / 04-0484522
Property Rights Conveyed:	Fee Simple
Conditions of Sale:	Arms Length Transaction
Prior Sales:	No known additional arms length transactions in the past three years.
Marketing Time:	N/A
Confirmation:	Public records; Buyer

Site Data:

Size:	43.82 acres
Shape/Dimensions:	Rectangular
Topography:	Level
Site Location:	On section line road
Legal Access:	Crismon Road, Wildrose Street
Street Improvements:	Roads are asphalt paved
Visibility:	Average
Utilities:	All public available
Zoning:	R-2 PAD, Mesa
Zoning Change:	N/A
Highest and Best Use:	Residential Development

Comments: The buyer indicated that they purchased undeveloped raw land. The buyer paid all costs for the entitlement process. The closing occurred after zoning approval. Buyer plans to build a 275-unit single family residential subdivision on this site known as Crismon Creek Village, at a density of 6.3 dwelling units per acre.

LAND SALE



MARICOPA COUNTY
PT. SECTION 35 T01N R07E
LOCATOR GRID
BOOK 220 MAP 81
SUBDIVISIONS
SCALE:
MARICOPA COUNTY ASSESSOR'S OFFICE
855340100
SUPERSTITION
855350200
FREEWAY
855350200
(U.S. 60)
1300'
ROAD
Sale
1108.68'
362.92'
362.91'
55' 55'
40'
CRISMON
220-81-006K
36.464 AC.
CRISMON ROAD
40'
220-81-006K
855340304
855350303
855350304

Land Sales Discussion

The transaction data outlined on the prior pages is summarized below:

Sale	Location	Date	Price	Size(Ac.)	Price/Unit	Zoning
	Commercial Land Sales					
1	Thomas Road	12/04	$1,542,398	5.56	$6.37	C-2
2	Southern Avenue/Higley Road	7/04	$2,950,000	11.058	$6.12	C-2
3	Ellsworth Road/Florian Avenue	6/04	$514,000	2.112	$5.59	C-1
	Residential Land Sales					
4	96th Street/Boise Street	5/05	$800,000	5.49	$145,719	R-5
5	Signal Butte Rd	2/05	$4,200,000	38.79	$108,275	R-43
6	Apache Trail/56th Street	11/04	$959,709	9.366	$102,463	R-2/C-2
7	Southern Avenue	6/04	$4,211,916	35.101	$119,994	R-43
8	Crismon Rd/Superstition Frwy	5/04	$3,300,000	43.82	$75,308	R-2
Subject	Total Size			30.496		C-3/R-43
Subject	North Segment A			4.936		C-3
Subject	South Segment B			25.56		R-43

The sale information includes transactions that are appropriate to the Segment A versus Segment B portions of the subject property, with the commercial sales appropriate for Segment A and the residential sales appropriate for Segment B. The initial segment of this discussion is combined for both segments, then separated for specific adjustments. Our investigation regarding comparison sales information revealed a moderate amount of land transactions in the general competitive area of the subject property. Adjustments to the sales are made to the comparable unit price, measured by price per square foot for the commercial use site, and price per acre of land area for the residential use site. The following factors are given principal consideration:

A. Property rights conveyed.
B. Market factors/time adjustment.
C. Financing terms/cash equivalency.
D. Conditions of sale.
E. Location.
F. Size.
G. Zoning.
H. Access.
I. Configuration.
J. Other property characteristics.

Property Rights Conveyed:

Each of the sales involved transfer of fee simple interest. This is the premise under which the subject site is analyzed, therefore no adjustment for this factor is necessary.

Market Conditions:

The sales have generally occurred over the past one to 1.5 years. The general market area of the subject property has been generally progressive, with a strong level of demand, and limited supply, particularly impacting the residential sale transactions. Consideration is given to upward adjustment of prices, particularly for the more dated transactions.

Financing Terms/Cash Equivalency:

Each of the transactions is analyzed to determine if financing associated with the sales created a favorable or unfavorable negotiating position for either party, such as by comparing financing terms to market rate terms from institutional sources as an alternative to cash. In this analysis, the sales were either cash transactions to the seller, or were financed at rates and terms typical of today’s market. No adjustments are applicable.

Conditions of Sale:

The motivations of buyers and sellers are analyzed to determine if the transactions occurred under atypical conditions. It is a noted characteristic of the marketplace that some parcels have been previously sold by lien holder entities who have acquired them via foreclosure activities, then resold at favorable prices. This type of transaction previously had an influence in the current marketplace, but no longer has an impact as the inventory of these sales has diminished. None of the sales utilized in this analysis occurred as a result of this type of situation, or other unusual situations. No adjustment is warranted.

Analysis of Larger Parcel North Segment A:

Location:

The sales transactions are located within a five-mile radius of the subject property, in locations which are generally considered to be alternative commercial land use locations. The general location features of the subject property are moderate with respect to typical East Mesa properties. The particular location of the subject property, along Apache Trail, does not identify with a major cross street. The demographic character of this area is generally inferior to the location of the sales, and the Apache Trail area of the subject property has historically had an oversupply of commercial use sites. These location factors for the subject property are generally inferior to those of the sale properties, resulting on downward adjustment of unit prices.

Size:

The subject site contains an area of 4.936 acres. This is similar to Sale 1, smaller than Sale 2, and larger than Sale 3. A slight adjustment of unit price is appropriate for the sales, because of typical economy of scale associated with larger versus smaller sized transactions.

Zoning:

The subject site is zoned C-3, Commercial District. This zoning is slightly more liberal than that of the sales, however the market does not indicate a significant differential based on these differences. No significant adjustment was made for the zoning factor.

Offsite Improvements:

The subject site has partially improved offsite improvements at the street frontage. This level of offsite improvements is similar to that of most of the sales, to the extent that each site requires additional offsite improvements if they are to be developed. The exception is for Sale 1, where full offsites are in place. An appropriate adjustment is made for this factor.

Drainage Channel Influence:

The west portion of the subject site is crossed by an earthen drainage channel. This channel is relatively small in size, but must be maintained. It disrupts the potential consistency of use of the parcel, and decreases the effective usable area of the parcel. The sale parcels do not have this influence. Downward adjustment is made for this factor.

Other Characteristics:

A variety of additional property characteristics, which offer differences between the subject property and the sales have been considered. For this analysis, the marketable differences between the sales and the subject are generally limited to those factors discussed in the preceding paragraphs.

Specific Adjustments:

A grid summarizing adjustments to unit prices of the sales discussed in the preceding paragraphs is indicated in the following chart.

LAND SALES ADJUSTMENT CHART

	SUBJECT	**SALE 1**	**SALE 2**	**SALE 3**
Sale Price/SF	---	***$6.37***	***$6.12***	***$5.59***
Property Rights	Fee Simple	Similar -0-	Similar -0-	Similar -0-
Market Conditions	-- --	12/04 -0-	7/04 +5%	6/04 +5%
Financing	---	Cash -0-	Cash -0-	Cash -0-
Conditions of Sale	---	Typical -0-	Typical -0-	Typical -0-
Net Adjustments		***-0-***	***+5%***	***+5%***
Adjusted Sale Price/SF		***$6.37***	***$6.42***	***$5.87***
Location	Average	Superior -10%	Superior -15%	Superior -10%
Size	4.936 ac.	5.56 ac. -0-	11.058 ac. +5%	2.112 ac. -5%
Offsites	Partial	Superior -10%	Similar -0-	Similar -0-
Drainage Influence	Yes	None -5%	None -5%	None -5%
Net Adjustments		***-25%***	***-15%***	***-20%***
Final Adjusted Sale Price/SF	---	***$4.78***	***$5.46***	***$4.70***

The unadjusted sales range in unit price between $5.59/s.f. and $6.37/s.f. The adjusted sales range in price between $4.70/s.f. and $5.46/s.f. Based on the facts and analysis presented, the current estimate of land value for the subject site, is equivalent to $5.00/s.f. The estimated value of the Segment A portion of the subject site is calculated as follows:

4.936 acres (215,000 s.f.) x $5.00/s.f. = $1,075,000

Analysis of Larger Parcel South Segment B:

Location:

The subject property is located in east Mesa. The comparison properties are within a five-mile radius, in areas which compete as alternative residential development sites. The specific area of the subject property, in the Apache Trail/Main Street corridor, is regarded as moderate with respect to its attractiveness for development activity, compared to other more active development areas. Locations such as Sale 5 to the northeast, and Sales 7 and 8 to the south, in the freeway corridor area, are superior. Appropriate adjustments are made.

Zoning:

The subject property is zoned R-43, which permits low-density residential development. The site is likely compatible for moderate density residential use, pending rezoning, per the discussion in previous segments of the report. It is analyzed here under that premise. The anticipated density of development is generally inferior to Sale 4, superior to Sale 5, and compatible with the other sales. Moderate adjustments to these sales is appropriate for the zoning/use density factor. The magnitude of adjustment is modest for a parcel such as Sale 5 with very low-density zoning, because very strong demand exists for sites compatible for low-density subdivisions, which counteracts some of the consideration for density adjustments.

Size:

The subject property contains approximately 25.56 acres. From a development perspective, the subject site size is compatible with the relative size of most of the sales. A significant amount of demand for sites of varying sizes exists in the local marketplace, therefore size differential is often not a significant factor. The exception is for Sale 4, as the smallest parcel, where an adjustment is made for size differential.

Offsites:

The subject property has modest degree of offsite improvements, consisting of asphalt paving along 90th Street. Development of the site will require additional offsite improvements, however the street frontage along this adjacent road is not extensive, therefore this requirement is not large. Alternatively, the existing offsite improvements for Sale 6 are superior, and slightly inferior for the other the sales. Appropriate adjustments are made.

Utilities:

The subject property has potential access to City of Mesa utilities (water and sewer) via lines in the adjacent streets and neighborhoods. Annexation may be required to connect to the sewer system, however the important aspect is that the local availability of services exists. This is similar to most of the sales, except for Sale 5, where sewer service is not available. An adjustment for this factor is applicable.

Drainage Channel Influence:

The west portion of the subject site is crossed by an earthen drainage channel. This channel is relatively small in size, but must be maintained. It disrupts the potential consistency of use of the parcel, and decreases the effective usable area of the parcel. The sale parcels do not have this influence. Downward adjustment is made for this factor.

Other Characteristics:

A variety of additional property characteristics, which offer differences between the subject property and the sales, have been considered, such as flood plain, topography, etc. The influence of these others factors is generally subtle, resulting in no significant adjustments.

Specific Adjustments:

The chart below summarizes the adjustments to the transaction information, leading to a conclusion of value.

LAND SALES ADJUSTMENT CHART

	SUBJECT	**SALE 4**	**SALE 5**	**SALE 6**	**SALE 7**	**SALE 8**
Sale Price/Ac.	---	***$145,719***	***$108,275***	***$102,463***	***$119,994***	***$75,308***
Property Rights	Fee Simple	Similar -0-	Similar -0-	Similar -0-	Similar -0-	Similar -0-
Market Conditions	--- ---	5/05 -0-	2/05 -0-	11/04 +5%	6/04 +10%	5/04 +10%
Financing	---	Cash -0-	Cash -0-	Cash -0-	Cash -0-	Cash -0-
Conditions of Sale	---	Typical -0-	Typical -0-	Typical -0-	Typical -0-	Typical -0-
Net Adjustments	---	-0-	-0-	+5%	+10%	+10%
Adjusted Sale Price/Ac.		***$145,719***	***$108,275***	***$107,586***	***$131,993***	***$82,839***
Size	25.56 Ac	5.49 Ac -10%	38.79 Ac -0-	9.366 Ac -0-	35.101 Ac -0-	43.82 Ac -0-
Offsites	Partial	Inferior +5%	Inferior +5%	Superior -5%	Inferior +5%	Inferior +5%
Zoning	Mod. Dens.	Superior -15%	Inferior +5%	Similar -0-	Similar -0-	Similar -0-
Utilities	Yes	Similar -0-	Inferior +5%	Similar -0-	Similar -0-	Similar -0-
Drainage Influence	Yes	No -5%	No -5%	No -5%	No -5%	No -5%
Net Adjustments	---	-25%	+10%	-10%	-0-	-0-
Final Adjusted Sale Price/Ac.	---	***$109,289***	***$119,103***	***$96,827***	***$131,993***	***$82,839***

The unadjusted sales range in unit price between $75,308/acre and $145,719/acre. After adjustments, the indicated land value range in unit price is between $82,839/acre and $131,993/acre. A value conclusion at $115,000 per acre is considered appropriate.

In conclusion, based on the facts and analysis presented, the current estimate of land value applicable to the larger parcel, is $115,000 per acre. The estimated value of the Segment B portion of the larger parcel is calculated as follows:

25.56 acres x $115,000/acre = $2,939,400

Rounded to: $2,940,000

Conclusion, Larger Parcel Land Value

The larger parcel has been analyzed in two components, because of differences in zoning, potential land use, and marketability of the various components of the site. The discussion and analysis on the preceding pages indicates that the estimated value for Segment A is $1,075,000, and $2,940,000 for Segment B. The total is $4,015,000, as the total estimate of land value for the Larger Parcel.

PARTIAL ACQUISITION ANALYSIS

Description of the Part Taken

The State of Arizona (Arizona Department of Transportation, or ADOT) proposes to acquire a portion of the subject larger parcel, as a Fee Simple acquisition, to facilitate construction of a new freeway alignment for a portion of the Red Mountain Freeway. A Temporary Construction Easement, an Ingress/Egress Easement, and a Drainage Easement are also required. The property is among several to be acquired in full or in part at or near the new roadway alignments. The following is a summary of the area calculations associated with the larger parcel, the taking area, and the remainder parcel, based on preliminary design exhibits. Area calculations have been interpolated from Arizona Department of Transportation sources. Exhibits indicating the parcel and taking configurations, are included on the next pages.

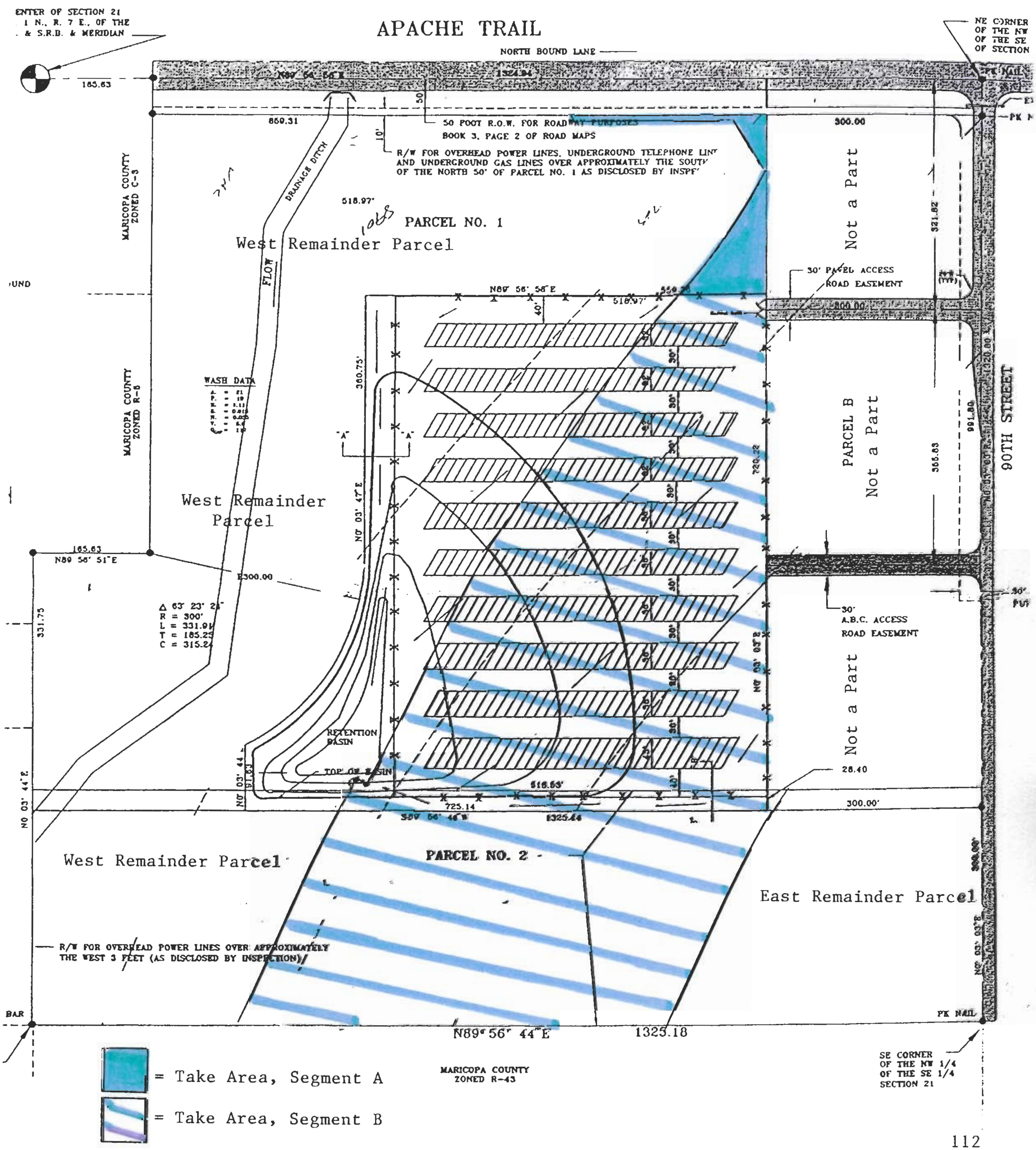
	Total Size (S.F.)	Total Size (Ac.)	LargerParcel Segment A Size (S.F.)	LargerParcel Segment A Size (Ac.)	LargerParcel Segment B Size (S.F.)	LargerParcel Segment B Size (Ac.)
Larger Parcel Land Area	1,328,400	30.496	215,000	4.936	1,113,400	25.56
Taking Area	505,555	11.606	13,320	0.306	492,235	11.300
Remainder Parcel Area East	119,786	2.750				
Remainder Parcel Area West	703,059	16.140				
Temp Construction Easement	23,434	0.538	6,550	0.150	16,884	0.388
Ingress/Egress Easement	4,142	0.095			4,142	0.095
Drainage Easement	5,047	0.116			5,047	0.116

Nature of the Construction, and Affect on the Remainder Parcel

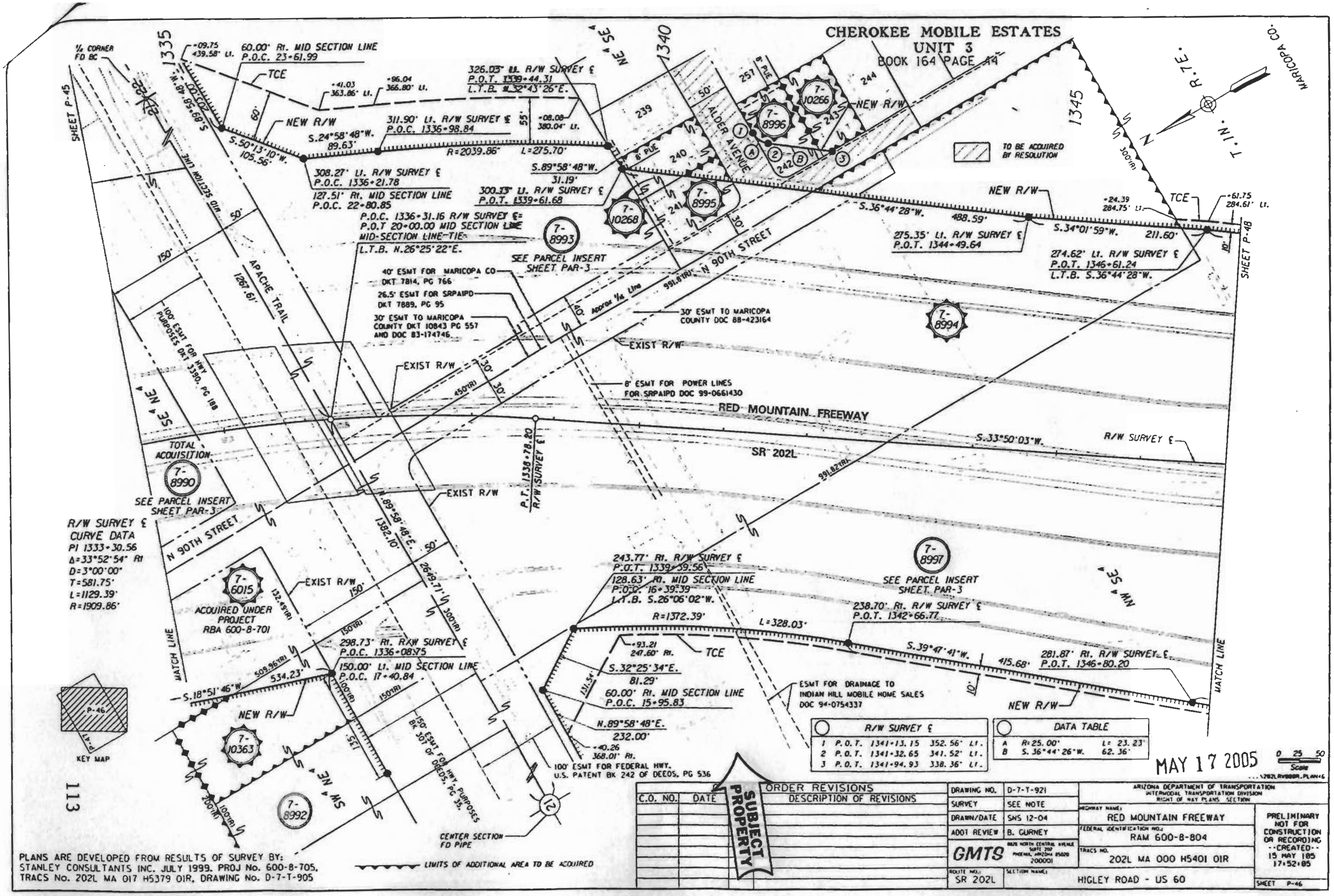
The proposed Red Mountain Freeway construction project involves the creation of a new limited access roadway. This portion of the freeway system extends across northern Tempe and northern Mesa, then curves south in the east part of Mesa to intersect the Superstition Freeway, then continue south, then west, as the Santan Freeway. The alignment of this road crosses Power Road, then follows the west side of the CAP Canal, then crosses over the CAP Canal to head south to intersect the Superstition Freeway at a stack interchange. The construction involves freeway interchanges at major roads adjacent to the subject property as Power Road, McKellips Road, Brown Road, University Drive, and Broadway Road.

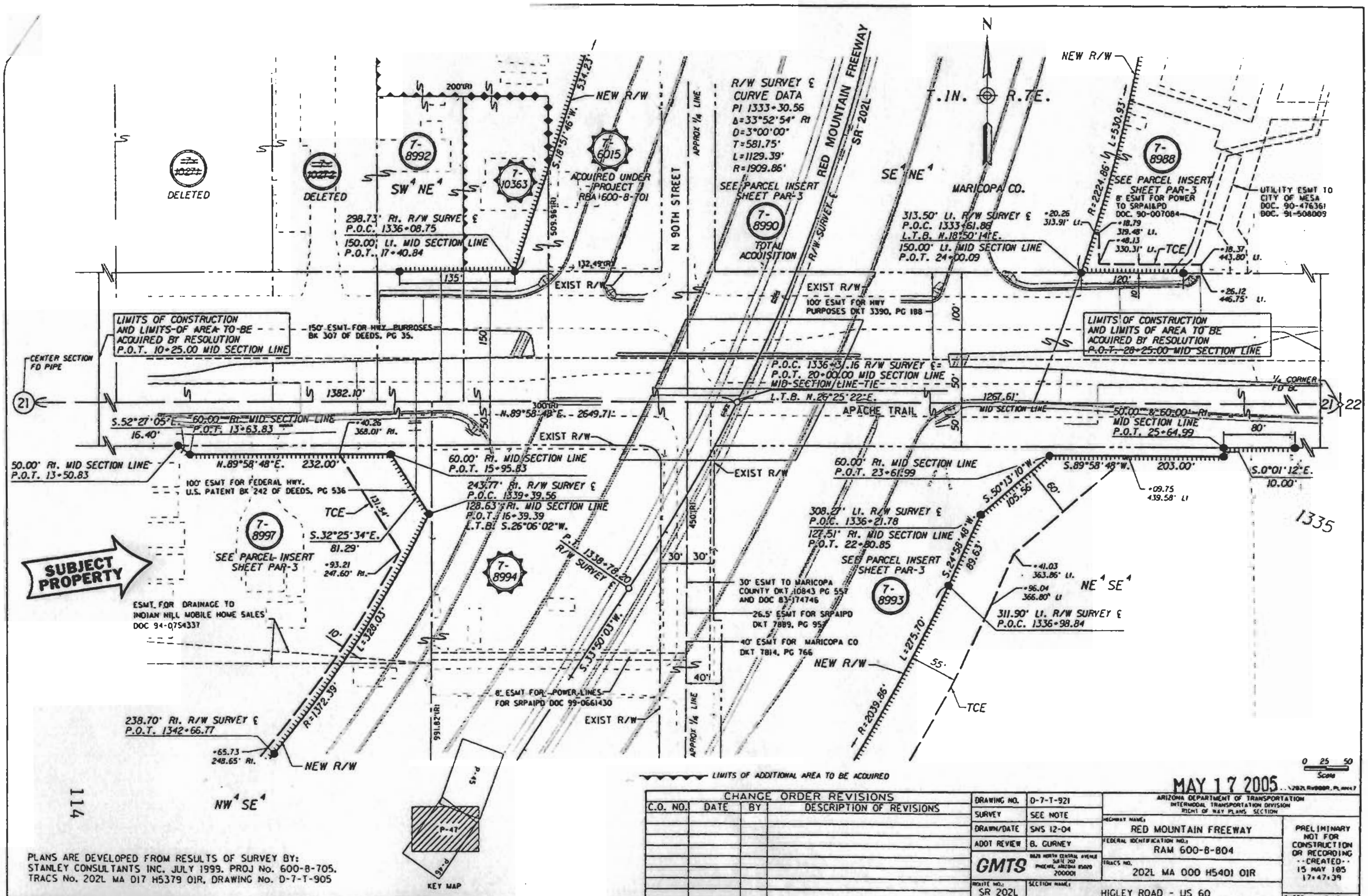
The construction of the Red Mountain Freeway project in the general vicinity of the subject property is anticipated to have a general benefit for a wide variety of properties in this general area. It is also considered to have potential special benefit to the individual subject property, because of property value enhancement to portions of the remainder parcel.

TAKE EXHIBIT



Location of the take line is approximate.


CHEROKEE MOBILE ESTATES
UNIT 3
BOOK 164 PAGE 44
TO BE ACQUIRED BY RESOLUTION
MARICOPA CO.
T.1N. R.7E.
RED MOUNTAIN FREEWAY
SR 202L
APACHE TRAIL
N 90TH STREET
ALDER AVENUE
NEW R/W
EXIST R/W
TCE
SEE PARCEL INSERT SHEET PAR-3
TOTAL ACQUISITION
ACQUIRED UNDER PROJECT RBA 600-8-701
R/W SURVEY ℄ CURVE DATA
PI 1333+30.56
Δ=33°52'54" Rt
D=3°00'00"
T=581.75'
L=1129.39'
R=1909.86'
40' ESMT FOR MARICOPA CO DKT 7814, PG 766
26.5' ESMT FOR SRPAIPD DKT 7889, PG 95
30' ESMT TO MARICOPA COUNTY DKT 10843 PG 557 AND DOC 83-174746
30' ESMT TO MARICOPA COUNTY DOC 88-423164
8' ESMT FOR POWER LINES FOR SRPAIPD DOC 99-0661430
100' ESMT FOR HWY PURPOSES DKT 3390, PG 188
150' ESMT FOR HWY PURPOSES BK 307 OF DEEDS, PG 35
100' ESMT FOR FEDERAL HWY. U.S. PATENT BK 242 OF DEEDS, PG 536
ESMT FOR DRAINAGE TO INDIAN HILL MOBILE HOME SALES DOC 94-0754337
CENTER SECTION FD PIPE
LIMITS OF ADDITIONAL AREA TO BE ACQUIRED
R/W SURVEY ℄
1 P.O.T. 1341+13.15 352.56' Lt.
2 P.O.T. 1341+32.65 341.52' Lt.
3 P.O.T. 1341+94.93 338.36' Lt.
DATA TABLE
A R=25.00' L=23.23'
B S.36°44'26"W. 62.36'
MAY 17 2005
SUBJECT PROPERTY
ORDER REVISIONS
C.O. NO. DATE DESCRIPTION OF REVISIONS
DRAWING NO. D-7-T-921
SURVEY SEE NOTE
DRAWN/DATE SNS 12-04
ADOT REVIEW B. GURNEY
GMTS
ROUTE NO. SR 202L
ARIZONA DEPARTMENT OF TRANSPORTATION
INTERMODAL TRANSPORTATION DIVISION
RIGHT OF WAY PLANS SECTION
RED MOUNTAIN FREEWAY
RAM 600-8-804
202L MA 000 H5401 01R
HIGLEY ROAD - US 60
PRELIMINARY NOT FOR CONSTRUCTION OR RECORDING
SHEET P-46
KEY MAP
PLANS ARE DEVELOPED FROM RESULTS OF SURVEY BY:
STANLEY CONSULTANTS INC. JULY 1999. PROJ No. 600-8-705,
TRACS No. 202L MA 017 H5379 01R, DRAWING No. D-7-T-905
113


N
T.1N. R.7E.
NEW R/W
R/W SURVEY ℄
CURVE DATA
PI 1333+30.56
Δ=33°52'54" Rt
D=3°00'00"
T=581.75'
L=1129.39'
R=1909.86'
RED MOUNTAIN FREEWAY
SR-202L
R/W SURVEY ℄
SE¼ NE¼
MARICOPA CO.
SW¼ NE¼
NE¼ SE¼
NW¼ SE¼
7-10271
DELETED
7-10272
DELETED
7-8992
7-10363
7-6015
ACQUIRED UNDER PROJECT RBA 600-8-701
7-8990
SEE PARCEL INSERT SHEET PAR-3
TOTAL ACQUISITION
7-8988
SEE PARCEL INSERT SHEET PAR-3
8' ESMT FOR POWER TO SRPAI&PD DOC. 90-007084
UTILITY ESMT TO CITY OF MESA DOC. 90-476361 DOC. 91-508009
N 90TH STREET
APPROX ¼ LINE
APACHE TRAIL
298.73' Rt. R/W SURVEY ℄
P.O.C. 1336+08.75
150.00' Lt. MID SECTION LINE
P.O.T. 17+40.84
313.50' Lt. R/W SURVEY ℄
P.O.C. 1333+61.86
L.T.B. N.18°50'14"E.
150.00' Lt. MID SECTION LINE
P.O.T. 24+00.09
EXIST R/W
100' ESMT FOR HWY PURPOSES DKT 3390, PG 188
LIMITS OF CONSTRUCTION AND LIMITS OF AREA TO BE ACQUIRED BY RESOLUTION P.O.T. 10+25.00 MID SECTION LINE
150' ESMT FOR HWY PURPOSES BK 307 OF DEEDS, PG 35.
LIMITS OF CONSTRUCTION AND LIMITS OF AREA TO BE ACQUIRED BY RESOLUTION P.O.T. 28+25.00 MID SECTION LINE
CENTER SECTION FD PIPE
¼ CORNER FD BC
P.O.C. 1336+3_.16 R/W SURVEY ℄=
P.O.T. 20+00.00 MID SECTION LINE
MID-SECTION LINE-TIE
L.T.B. N.26°25'22"E.
1382.10'
1267.61'
MID SECTION LINE
N.89°58'48"E. 2649.71'
S.52°27'05"E. 60.00' Rt. MID SECTION LINE
16.40' P.O.T. 13+63.83
50.00' Rt. MID SECTION LINE
P.O.T. 13+50.83
N.89°58'48"E. 232.00'
60.00' Rt. MID SECTION LINE
P.O.T. 15+95.83
50.00' & 60.00' Rt.
MID SECTION LINE
P.O.T. 25+64.99
60.00' Rt. MID SECTION LINE
P.O.T. 23+61.99
S.89°58'48"W. 203.00'
S.0°01'12"E. 10.00'
+09.75 439.58' Lt
1335
100' ESMT FOR FEDERAL HWY. U.S. PATENT BK 242 OF DEEDS, PG 536
243.77' Rt. R/W SURVEY ℄
P.O.C. 1339+39.56
128.63' Rt. MID SECTION LINE
P.O.T. 16+39.39
L.T.B. S.26°06'02"W.
TCE
S.32°25'34"E. 81.29'
+93.21 247.60' Rt.
7-8997
SEE PARCEL INSERT SHEET PAR-3
7-8994
P.I. 1338+78.20 R/W SURVEY ℄
S.33°50'03"W.
308.27' Lt. R/W SURVEY ℄
P.O.C. 1336+21.78
127.51' Rt. MID SECTION LINE
P.O.T. 22+80.85
SEE PARCEL INSERT SHEET PAR-3
7-8993
S.50°13'10"W. 105.56'
S.24°58'48"W. 89.63'
+41.03 363.86' Lt.
+96.04 366.80' Lt
311.90' Lt. R/W SURVEY ℄
P.O.C. 1336+98.84
SUBJECT PROPERTY
ESMT FOR DRAINAGE TO INDIAN HILL MOBILE HOME SALES DOC 94-0754337
30' ESMT TO MARICOPA COUNTY DKT 10843 PG 557 AND DOC 83-174746
26.5' ESMT FOR SRPAI&PD DKT 7889, PG 95_
40' ESMT FOR MARICOPA CO DKT 7814, PG 766
8' ESMT FOR POWER LINES FOR SRPAI&PD DOC 99-0661430
L=328.03'
R=1372.39'
L=275.70'
R=2039.86'
L=530.93'
R=2224.86'
238.70' Rt. R/W SURVEY ℄
P.O.T. 1342+66.77
+65.73 248.65' Rt.
KEY MAP
P-45
P-47
P-46
LIMITS OF ADDITIONAL AREA TO BE ACQUIRED
114
PLANS ARE DEVELOPED FROM RESULTS OF SURVEY BY:
STANLEY CONSULTANTS INC. JULY 1999. PROJ No. 600-8-705.
TRACS No. 202L MA 017 H5379 01R, DRAWING No. D-7-T-905
CHANGE ORDER REVISIONS
C.O. NO. | DATE | BY | DESCRIPTION OF REVISIONS
DRAWING NO. D-7-T-921
SURVEY SEE NOTE
DRAWN/DATE SNS 12-04
ADOT REVIEW B. GURNEY
GMTS
ROUTE NO. SR 202L
MAY 17 2005
ARIZONA DEPARTMENT OF TRANSPORTATION
INTERMODAL TRANSPORTATION DIVISION
RIGHT OF WAY PLANS SECTION
RED MOUNTAIN FREEWAY
RAM 600-8-804
202L MA 000 H5401 01R
HIGLEY ROAD - US 60
PRELIMINARY NOT FOR CONSTRUCTION OR RECORDING
--CREATED--
15 MAY 105
17:47:39
SHEET P-47
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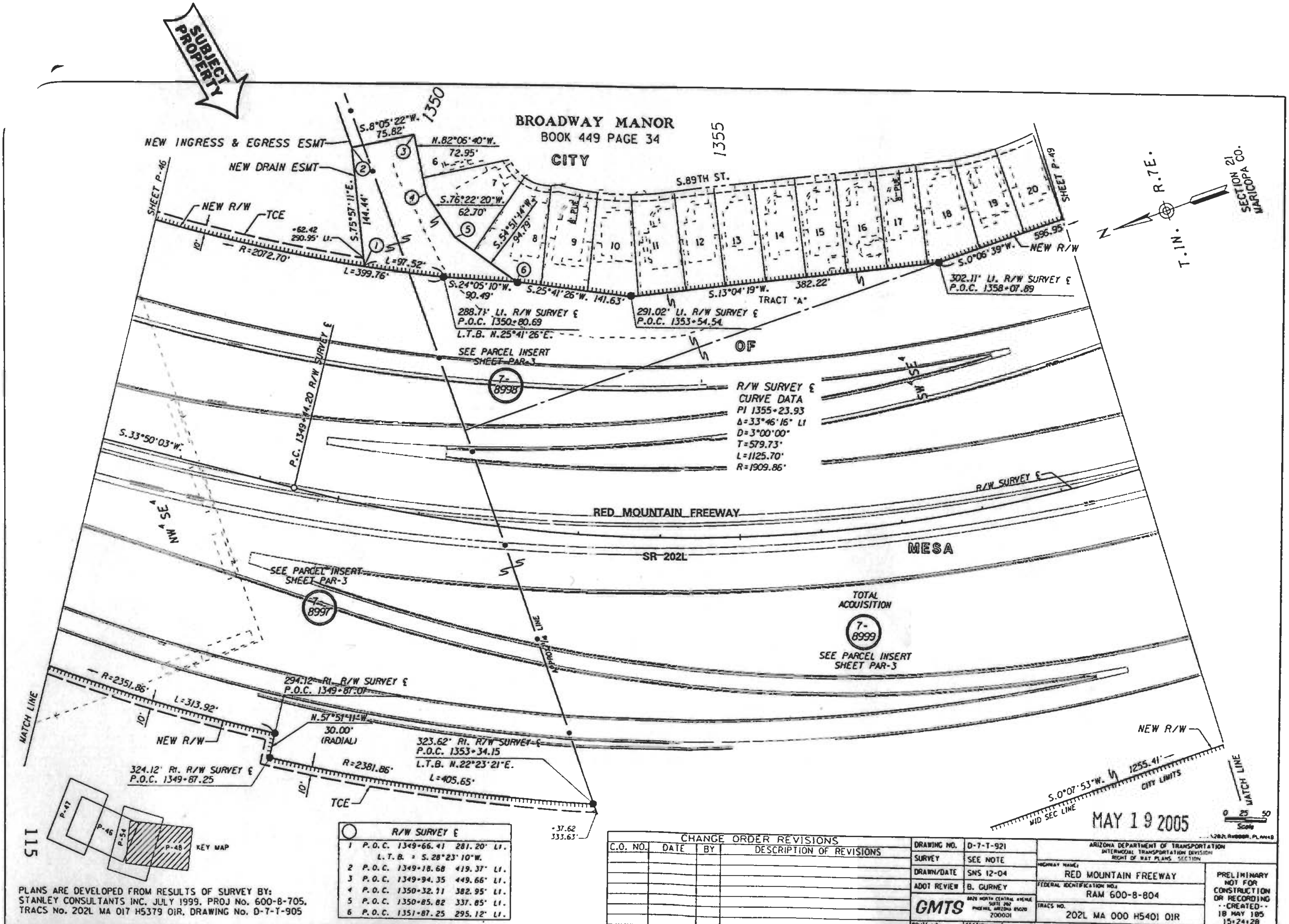
SUBJECT PROPERTY
BROADWAY MANOR
BOOK 449 PAGE 34
CITY
1350
1355
NEW INGRESS & EGRESS ESMT
NEW DRAIN ESMT
NEW R/W
TCE
S.89TH ST.
SHEET P-46
SHEET P-49
S.8°05'22"W. 75.82'
N.82°06'40"W. 72.95'
S.75°57'11"E. 144.44'
S.76°22'20"W. 62.70'
S.54°51'14"W. 94.79'
S.24°05'10"W. 90.49'
S.25°41'26"W. 141.63'
S.13°04'19"W. 382.22'
TRACT "A"
S.0°06'39"W. 596.95'
302.11' Lt. R/W SURVEY ℄
P.O.C. 1358+07.89
288.71' Lt. R/W SURVEY ℄
P.O.C. 1350+80.69
L.T.B. N.25°41'26"E.
291.02' Lt. R/W SURVEY ℄
P.O.C. 1353+54.54
R=2072.70'
L=399.76'
L=97.52'
+62.42
290.95' Lt.
OF
SEE PARCEL INSERT
SHEET PAR-3
7-8998
R/W SURVEY ℄
CURVE DATA
PI 1355+23.93
Δ=33°46'16" Lt
D=3°00'00"
T=579.73'
L=1125.70'
R=1909.86'
S.33°50'03"W.
P.C. 1349+44.20 R/W SURVEY ℄
R/W SURVEY ℄
RED MOUNTAIN FREEWAY
SR 202L
MESA
NW SE
SW SE
SEE PARCEL INSERT
SHEET PAR-3
7-8997
TOTAL ACQUISITION
7-8999
SEE PARCEL INSERT
SHEET PAR-3
APPROX. 1/4 LINE
N
T.1N.
R.7E.
SECTION 21
MARICOPA CO.
R=2351.86'
L=313.92'
294.12' Rt. R/W SURVEY ℄
P.O.C. 1349+87.07
N.57°51'11"W.
30.00'
(RADIAL)
323.62' Rt. R/W SURVEY ℄
P.O.C. 1353+34.15
L.T.B. N.22°23'21"E.
R=2381.86'
L=405.65'
324.12' Rt. R/W SURVEY ℄
P.O.C. 1349+87.25
+37.62
333.63'
NEW R/W
S.0°07'53"W. 1255.41'
CITY LIMITS
MID SEC LINE
MATCH LINE
MAY 19 2005
0 25 50 Scale
KEY MAP
P-47 P-46 P-54 P-48
R/W SURVEY ℄
1 P.O.C. 1349+66.41 281.20' Lt.
L.T.B. = S.28°23'10"W.
2 P.O.C. 1349+18.68 419.37' Lt.
3 P.O.C. 1349+94.35 449.66' Lt.
4 P.O.C. 1350+32.11 382.95' Lt.
5 P.O.C. 1350+85.82 337.85' Lt.
6 P.O.C. 1351+87.25 295.12' Lt.
PLANS ARE DEVELOPED FROM RESULTS OF SURVEY BY:
STANLEY CONSULTANTS INC. JULY 1999. PROJ No. 600-8-705.
TRACS No. 202L MA 017 H5379 01R. DRAWING No. D-7-T-905
CHANGE ORDER REVISIONS
C.O. NO. DATE BY DESCRIPTION OF REVISIONS
DRAWING NO. D-7-T-921
SURVEY SEE NOTE
DRAWN/DATE SNS 12-04
ADOT REVIEW B. GURNEY
GMTS
ROUTE NO. SR 202L
ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY PLANS SECTION
RED MOUNTAIN FREEWAY
RAM 600-8-804
202L MA 000 H5401 01R
HIGLEY ROAD - US 60
PRELIMINARY NOT FOR CONSTRUCTION OR RECORDING
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18 MAY 105
15:24:28
SHEET P-48

VALUATION ANALYSIS – VALUE OF THE TAKING AS PART OF THE WHOLE

This segment analyzes the potential value of the fee taking area (the portion of the property to be acquired in fee), as a proportional share of the whole parcel. This involves the land value portion of the site to be acquired, but without specific consideration of potential severance damages or special benefits. The larger parcel has been analyzed within this report in two segments, because of differences in zoning, use potential and marketability between the two segments. In the before taking situation, it was estimated that the taking area within Larger Parcel Segment A has a value equivalent to a proportional share of the whole, based on a unit value of $5.00/s.f., as derived as a land value estimate for Segment A of the larger parcel, in a preceding segment of this report. Applying this unit value estimate to the net taking area within Segment A of 13,320 s.f. or .306 acre, indicates a value of the take, as part of the whole, at $66,600. In addition, it was estimated that the taking area within Larger Parcel Segment B has a value equivalent to a proportional share of the whole, based on a unit value of $115,000/acre, or $2.64/s.f., as derived as a land value estimate for the larger parcel, in a preceding segment of this report. Applying this unit value estimate to the net taking area of 492,235 s.f. or 11.30 acres, indicates a value of the take, as part of the whole, at $1,299,500. The total of these amounts for the take within Segments A and B, is $1,366,100, rounded to $1,367,000.

VALUATION ANALYSIS – REMAINDER PARCEL AFTER ACQUISITION

The remainder parcel, after acquisition, is split as two irregular shaped parcels, containing a total area of 18.89 acres. The East Remainder contains 2.75 acres, and the west remainder contains 16.14 acres, as indicated on the chart on page 110. These parcels are considered new properties within this report for analysis purposes. The following is the summary of information relating to the descriptive information for the remainder parcels, a Highest and Best Use analysis, and land value analysis. Reference is made to an exhibit in the addenda section of this report, which depicts the configuration of the front part of the remainder parcel.

Property Description- East Remainder

The east remainder parcel contains 2.75 net acres, located on the west side of 90th Street, at the alignment of Aspen Avenue. This parcel comprises the southeast portion of the original larger parcel. The access to 90th Street is basically unchanged, however the traffic flow along 90th Street is changed to the extent that 90th Street no longer extends to Apache Trail, because the new Red Mountain Freeway alignment cuts diagonally across that street, eliminating the northbound access. Unrestricted access remains to the south, as 90th Street extends to an intersection roughly one-quarter mile south, at Broadway Road. The size of this remainder parcel is significantly smaller than the larger parcel, and the Segment B part of the larger parcel as previously described. This remainder parcel is near rectangular in configuration, however the west property line is not parallel to the property line at 90th Street. The new parcel abuts the east side of the freeway alignment. It has the same frontage on the south side, adjacent to a drainage area on the north side of an adjacent residential subdivision. The zoning for the parcel is unchanged, at R-43, Maricopa County. Review of land planning documentation by the City of Mesa, in their General Plan, indicates that the site is considered compatible for high density residential land use, at 15 or more dwelling units per acre. At a land use density of 15 or more dwelling units per acre, the site can conceivably accommodate a minimum of 41 condominiums or apartment units. The site has local accessibility to public utilities, assuming that they can be extended from existing lines which exist within residential development areas to the south.

Highest and Best Use

The Highest and Best Use of the subject remainder parcel is for moderate to high-density residential land use, pending rezoning.

Land Value Analysis-Sales Comparison Analysis for East Remainder

Analysis of the land value potential of the subject property remainder parcel relies on the Sales Comparison Approach. Considering similarities as well as changes in property features, such as size, configuration, access patterns, and potential land use, use of the same selection of comparison land sales as was used in the analysis of Larger Parcel Segment B is appropriate.

The land sale analysis is similar to the discussion previously presented on pages 107-109. The differences are that the subject site is much smaller, zoning is likely to be more liberal allowing a higher density land use, and this segment of the property is not impacted by the adverse influence of the drainage channel which extending through the west side of the larger parcel. As a much smaller parcel than that which was originally analyzed, the site has a slightly inferior level of marketability, because of lack of economy of scale. Overall accessibility is inferior, as it is in the middle of a developed area, rather than close to a major street access area. The adverse wash influence has been eliminated. With these factors in mind, a unit value that is below that of the unit price of the larger parcel in considered appropriate, at $100,000 per acre. The estimated value of the east remainder parcel is calculated as follows:

2.75 acres x $100,000/acre = $275,000

Property Description- West Remainder

The west remainder parcel contains 16.14 net acres, located on Apache Trail, at the southwest corner of the new alignment of the Red Mountain Freeway. Apache Trail remains as a surface grade major arterial roadway at this location, with the freeway lanes below grade, passing beneath a new bridged road surface for Apache Trail. Northbound and southbound frontage roads of the freeway will intersect Apache Trail at a signalized intersection; these frontage roads have entrance and exit ramps roughly one half mile north and south of Apache Trail at full access interchanges, near University Drive, and Broadway Road.

The west remainder parcel is irregular in shape, roughly resembling a triangle, as indicated on exhibits on preceding pages. This site contains 16.14 acres. The site has a frontage along Apache Trail of approximately 815 feet; the east 250 feet of frontage has access control; no direct access to Apache Trail is permitted for a distance of approximately 250 feet immediately west of the freeway. Access control also exists along the entire southwest side of the property, adjacent to the new freeway right of way. The remainder parcel conceivably has an access pattern primarily utilizing Apache Trail, within an unrestricted access frontage area of approximately 565 feet. The existing access which is presumed to exist at the southwest corner of the site, at the alignment of Balsam Avenue. The site is assumed to have local accessibility to public utilities, via extension of lines that exist in the area. City of Mesa Engineering Department sources indicate that sewer line is accessible via extension from Broadway Road, roughly 1,400 feet south, to an anticipated connection point at the Balsam Avenue alignment. The preliminary estimated cost of the sewer line extension is $100,000.

This remainder site is split between the same C-3 commercial zoning on the north 250 feet of the site, and R-43 rural residential zoning, for the balance, that existed for the larger parcel. A review of the land use plan guidelines, per the City of Mesa General Plan, indicates that the east portion of this remainder parcel, extending from the Apache Trail frontage, south to the freeway alignment, is now compatible for employment use (commercial office), and the balance is compatible for high-density residential zoning, such as within the density range of 10-15 dwelling units per acre. An interpretation of the land use designations on the General Plan map, combined with the existing vested commercial zoning that exist on the subject site, indicates that the east remainder parcel is likely compatible for a mixture of the commercial and residential land uses. Conceptually, a potential redevelopment configuration may involve approximately 6 acres of commercial use, and the balance (10.14 acres), as high-density residential use. This is the concept of a split in potential land uses, under which the remainder parcel is analyzed. The exact configuration of the split in land uses has not been determined. However, it is assumed that the commercial use would take advantage of the commercial visibility and exposure from the major roadways including the freeway, as well as direct access along Apache Trail. A potential residential use would likely utilize an access circulation system involving primary access at one or two points along Apache Trail, and secondary access at the southwest portion of the site, at Balsam Avenue.

Highest and Best Use

The Highest and Best Use of the subject remainder parcel is for a combination of commercial and residential land uses, pending rezoning, in general conformity with the City of Mesa General Plan.

Land Value Analysis-Sales Comparison Analysis for West Remainder

Analysis of the land value potential of the subject property remainder parcel relies on the Sales Comparison Approach. The remainder parcel is significantly different than that of the larger parcel, with new features relating to access, positive benefits of freeway influence, split of zoning, etc. The remainder parcel is analyzed based on its two components, being a commercial land parcel of approximately 6 acres comprising the north and northeast portion of the site, and a parcel compatible high-density residential use for the balance. Comparison land sales have been present in the preceding sections of this report which provide information from which this analysis can be conducted. Reference is made to the prior analysis of commercial land on pages 103 through106, and residential land on pages 107 through 109.

Analysis of the land value potential for the commercial use component (6 acres) of the west remainder parcel utilizes information previously presented for the commercial portion of the larger parcel. The commercial component of the remainder parcel is considered superior in many features to the commercial Segment A of the larger parcel, because the presence of the freeway has significantly enhanced location characteristics, exposure, and overall use potential. Location characteristics of this site, due to the freeway influence are now considered equal or superior to the comparison properties, rather than inferior. The offsite improvements have been enhanced as a result of the freeway project construction, as a significant portion of the frontage along Apache Trail will be significantly improved as part of the freeway project. Use flexibility is considered equal or superior to that of the comparison properties, considering the existing liberal zoning classification for the vested zoning portion of the site. Access restrictions exist along a portion of the frontage along Apache Trail, however a significant and adequate unrestricted access area still exists, therefore the influence of the change in full access in not highly significant. The commercial use component of the remainder parcel has the ability to be partially split for high visibility commercial pad uses, which are marketable in this local market area for uses such as gas stations, drug stores, small retail buildings, etc., at unit prices of $15-25/s.f. The subject property is not specifically analyzed as if it is split into small components, however it is readily recognized that premium values exist for the high visibility and readily accessible portions of the site, at significant premium values. With these factors in mind, it is estimated that the commercial component of the remainder site area has estimated market value equivalent to $8.00/s.f. When this unit price is applied to the site area of the commercial component of the west remainder parcel, of 6 acres or 161,360 s.f., the indicated value is $2,090,880, rounded to $2,100,000.

Alternatively, analysis of the residential use component of the west remainder parcel (10.14 acres), relates to the prior analysis of the residential use component of the larger parcel, as discussed on pages 103-109. This segment of the remainder parcel is considered to have superior location characteristics as compared to the larger parcel because of the positive influence of the new freeway. The site in analyzed as if compatible for high-density use, at a land use density which is equal or superior to that which would have exist for the residential component of the larger parcel. This assumes that a sewer line extension from Broadway Road is a viable option, per comment on page 118. The cost of the sewer line extension is addressed in the following section of this report, as a cost to cure[1]. The size of the parcel at approximately 10.14 acres is reasonable with respect to the marketable size for apartments or condominiums projects. This portion of the property us impacted by the negative influence of the existing drainage channel which extends through the site. With these factors in mind, the estimated unit value for the residential component of the remainder parcel is considered to be slightly higher to that of the larger parcel, estimated at $120,000 per acre. When this unit value is applied to the net site area at 10.14 acres, the indicated value is $1,217,000 (rounded).

The estimated overall value for the west remainder parcel is the summation of the estimated values for the commercial and residential use portions of the property. The individual values are $2,100,000, and $1,217,000, respectively, totaling $3,317,000.

[1] The site is analyzed with sewer availability, after extension of the line, rather than without sewer availability, that would predicate a very low density land use.

EMINENT DOMAIN VALUATION CONCLUSIONS

The procedures utilized here to estimate value of the taking area, following procedures commonly adopted in Arizona for partial acquisition property analysis and potential compensation. The basic procedures, as they apply to analysis of the subject property, are sequentially indicated as follows, relying on information presented in the previous sections of this analysis, as well as additional factors.

The subject property has building improvements in place. It is estimated that the take does not have significant influence on the value of the property, beyond the compensation that is appropriate for the land to be acquired, improvements within the taking, and consideration of a cost to cure for modification to remainder improvements to mitigate potential damages to remainder parcel improvements. The following paragraphs provide an explanation of factors relating to land value, cost factors, and easement issues, as appropriate.

Value of the Whole Parcel Before the Acquisition

As previously explained, an appraisal of the whole parcel (the larger parcel, land parcel) has been completed. It was analyzed in two segments, because of differences in zoning, potential land use, and marketability between the various components of the site. We conclude that the total overall value conclusion is $4,015,000.

Value of the Taking as Part of the Whole

The value of the taking is calculated as its proportional share of the whole. The proportional unit value has been applied to the area of the taking. In this case, this is calculated by applying the unit values of the two segments of the area of the take, indicating a total of $1,367,000, prior to consideration of severance damages or special benefits.

Value of the Remainder, Before Acquisition

The value of the take is subtracted from the value of the whole, resulting in the value of the remainder, before the taking.

Value of the Whole Parcel, before Acquisition	$ 4,015,000
Value of the Take as Part of the Whole	$ 1,367,000
Value of the Remainder, before Acquisition	$ 2,648,000

Value of the Remainder, After Acquisition

The remainder parcel is considered a new parcel for analytical purposes. In this case, the remainder parcel is physically split, as an east and west remainder. An individual analysis of remainder land value was presented, indicating $275,000 for the east remainder parcel, and $3,317,000 for the west remainder, totaling $3,592,000.

Special Benefits

Various benefits may accrue to a property as a result of a taking. They may be classified as general benefits, which accrue to the community at large, to an area adjacent to a right-of-way improvement, and/or to other properties situated near a property that was taken. Alternatively, special benefits may accrue to a property from which the taking occurs, which may not be shared by all the property in the vicinity. Special benefits are typically considered to be those which directly impact the remainder parcel, are not simply incidental benefits enjoyed by most land in the area of the improvement, and remain permanent. In the particular case of the subject property, it is estimated that the remainder parcel is impacted by special benefits, because of significantly enhanced overall value. The remainder parcel land value has increased from approximately $2,648,000 to $3,592,000 because of the project influence, indicating the value of special benefits of $944,000.

Severance Damages

Severance damages exist if the taking has a detrimental impact on the property, to reduce value as a result of the taking more than the amount of value associated with the taking area itself. This is tested by subtracting the Estimated Remainder Parcel Value After Acquisition, from the Estimated Remainder Parcel Value as Part of the Whole. If damages are indicated, they can be offset by the Special Benefits, to indicate Net Damages. In this case, no severance damages are estimated to exist, as calculated below, as the value of remainder parcel, after acquisition, is superior to that of the value of the remainder as a proportional share of the whole. As explained in the prior paragraph, special benefits are estimated to apply to the subject property remainder parcel, however they have no impact here, because they are utilized in the compensation estimate equation, only to offset potential severance damages.

Estimated Remainder Parcel Value, as Part of the Whole	$ 2,648,000
Less: Estimated Remainder Parcel Value, after Acquisition	$ 3,592,000
Severance Damages	-0[1]-
Less: Special Benefits	$ 944,000
Net Damages	-0-[2]

Ingress/Egress Compensation

The east remainder parcel is impacted by a partial taking for an ingress/egress easement,

[1] A negative figure in this calculation, effectively equates to zero.

[2] A negative figure in this calculation, effectively equates to zero, special benefits only offset severance damages, and do not offset value of the taking area itself.

in addition to the area acquired as a fee simple taking. Use of this easement area is generally limited to access uses. It is assumed that no permanent structures are permitted. A development use of the subject property can share this access use, but cannot eliminate it. In this particular case, the easement is located on the south side of the east remainder. This will likely be a productive use area of the site, under a land development concept. The constraints of the easement are high. It is concluded that the impact on use rights associated with the drainage easement portion of the property, is moderate to significant, for the area directly encumbered by the easement.

Purchase of the easement rights represents a portion of a total bundle of rights typically associated with ownership of property. A fee simple acquisition represents 100% of the bundle of rights, while varying types of easements typically have a lesser impact. In this case, an 80% influence is considered applicable for the easement rights specifically explained herein. The calculation for compensation associated with the easement is to apply an 80% factor to the underlying fee value of the site impacted by the easement. The easement has an area of 4,142 s.f.; at $115,000/acre or $2.64/s.f., the fee simple value associated with the easement area is $10,935. The easement influence at 80% of value equates to an estimated compensation associated with this easement of $9,000 (80% x $10,935, rounded).

Drainage Easement Compensation

The east remainder parcel is impacted by a partial taking for a drainage easement, in addition to the area acquired as a fee simple taking. Use of the drainage easement areas is generally limited to open space uses, such as landscaping. No permanent structures are permitted, and parking lot or driveway use is also restricted because of topography and unrestricted water flow requirements, within the easement itself. In this particular case, the drainage easement is located at the southwest corner, adjacent to an off-site drainage area. This would likely have been a highly productive use area of the site. The constraints of the easement are high. It is concluded that the impact on use rights associated with the drainage easement portion of the property, is moderate to significant, for the area directly encumbered by the easement.

Purchase of the easement rights represents a portion of a total bundle of rights typically associated with ownership of property. A fee simple acquisition represents 100% of the bundle of rights, while varying types of easements typically have a lesser impact. In this case, an 80% influence is considered applicable for the drainage easement rights specifically explained herein.

The calculation for compensation associated with the easement is to apply a 80% factor to the underlying fee value of the site impacted by the easement. The easement has an area of 5,047 s.f.; at $115,000/acre or $2.64/s.f., the fee simple value associated with the easement area is $13,324. The easement influence at 80% of value equates to an estimated compensation associated with this easement of $11,000 (80% x $13,324, rounded).

Temporary Construction Easement

This analysis addresses the impact of a Temporary Construction Easement (TCE), for the remainder parcel. The TCE area is located adjacent to the new freeway alignment, on both sides of the new right of way, and contains 23,434 s.f. This is split between 6,550 s.f. on the Segment A portion of the larger parcel, and 16,884 s.f. for Segment B. It is assumed that the TCE will be in effect for a time period of one year. A TCE places use restriction on a parcel of land during the duration of the easement period, to the extent that the easement holder has access and use rights for this portion of the land, typically to facilitate construction of improvements on adjacent land. The property owner retains use rights to improvements within the easement area; if improvements are disrupted during the easement period, it is assumed that they will be restored to their original condition. The TCE is analyzed based on a reasonable investment return rate over the period of time that the land will be encumbered, as a ground lease. Our analysis of ground leases indicates that typical investment return rates range from 8% to 12% per annum. A figure of 10% per annum is considered applicable here. Compensation for the TCE for one year at 10%, is calculated by applying a 10% factor to the incremental fee simple value of the effected property, as a portion of the remainder site.

Segment A Portion: 6,550 s.f. x $5.00/s.f. x 10% =	$ 3,275
Segment B Portion: 16,884 s.f. x $2.64/s.f. x 10% =	$ 4,457
Total	$ 7,732
Rounded to:	$ 8,000

Improvement Compensation, Taking Area

Physical improvements within the taking area consist of fence and landscape improvements along the east and north perimeter of the RV sales lot at the north portion of the larger parcel (Segment A). No compensation is provided for the RV storage lot improvements on Larger Parcel Segment B, per the explanation and assumption on page 31, because these improvements are not considered to have a contributing value to the property. The cost figures are derived based on discussions with various local contractor sources, and other suppliers. A composite depreciation factor of 10% is considered applicable to the reproduction cost for the improvements to be removed, because of observed age, condition, and estimated remaining life considerations.

TAKING ITEM	COST
Wood Rail Fence (265 feet @ $8.00/foot)	$2,120
Gates	$300
Chain Link Fence (350 feet. @ $18.00/foot)	$6,300
Landscaping	$4,000
Subtotal	$12,720
Less Depreciation (10%):	$ 1,272
Depreciated Cost Estimate, Improvements in Take:	$11,448
Rounded to:	$12,000

Cost to Cure

The physical taking of the subject property results in a physical impact on both the north Segment A portion of the property, as well as the RV storage lot on Segment B. The current pattern of utility accessibility (sewer line access) is also eliminated for the west remainder. The intent of a potential cure is to allow the property owner to remain whole, by providing compensation for a physical correction, in an amount that is assumed to be less than the diminution in value that would result if such a cure were not undertaken. The taking eliminates the practical use and operation of the RV storage lot, operating as Red Mountain RV Storage. No compensation has been provided for these improvements within this report, because these improvements are not considered to have contributing value to the property before the taking. The project will eliminate the vast majority of the storage lot use area, however a portion of the fencing and gravel storage surface of the land will remain in the remainder parcel. It is appropriate to provide for demolition of these residual improvements, in order that this portion of the site is readily available for redevelopment. The demolition will involve removal of approximately 500 feet of fencing, and rough grading of the remaining portion of the storage lot. No specific cost estimates have been obtained for this item. An allowance of $10,000 is considered appropriate, subject to change pending contractor bids.

The project design and partial taking results in elimination of one of the two main access driveways for the north segment of the subject property, for the area utilized as the RV sales lot. This use is not considered to be representative of highest and best use of the property after the taking, however this use may remain in place on an interim basis, pending redevelopment of the site. As a practical matter, it is estimated that the property remains functional for this interim use, even without the use of one the driveway entrances. The overall layout is less desirable than that which had existed in the before taking situation, however considering that this is an interim use, and the vast majority of the site is utilized for open space display area, the change does not drastically hinder the physical operation of the property. The east building structure area no longer has a direct paved access to the street. To compensate for this, as a potential cure of a traffic circulation issue, it is reasonable to provide a paved roadway surface that connects the east pavement area to the west pavement area of the remainder parcel, to mitigate any problems that are associated with lack of paved access to the east building. Assuming that a on-site access road approximately 20 feet wide, extending through the middle of the property is appropriate, this represents approximately 3,400 s.f. of pavement. At a pavement cost equivalent to approximately $3.00/s.f., the cost to provide this access related improvement is estimated at $10,200.

A final cost to cure issue relates to elimination of the existing sewer access for the southwest remainder residential redevelopment segment of the property, and the need to replace this public utility access. The freeway right of way eliminates sewer line accessibility from 90th Street. The cure is to extend an alternative sewer line from Broadway Road, at a preliminary estimated cost of $100,000.

Cost to cure issues, relating to the demolition of miscellaneous remainder improvements on a portion of the remainder parcel, installation of a paved access area to solve a potential traffic circulation issue for the north portion of the remainder parcel, and sewer line access issues, have been addressed. The cost associated with these items is $10,000, 10,200, and $100,000, respectively, totaling $120,200, rounded to $121,000.

Summary of Conclusions:

Estimated Value of the Whole Property	$ 4,015,000
Value of the Taking, as part of the whole	$ 1,367,000
Estimated Remainder Parcel Value, as part of the whole	$ 2,648,000
Estimated Remainder Parcel Value, after Acquisition	$ 3,592,000
Severance Damages[1]	-0-
Estimated Value of the Taking	
Value of the Taking, prior to adjustments	$ 1,367,000
Severance Damages	-0-
Subtotal Compensation Estimate	$ 1,367,000
Less: Special Benefits	-0-[2]
Subtotal Estimated Value of the Taking (Land)	$ 1,367,000
Ingress/Egress Easement	$ 9,000
Drainage Easement	$ 11,000
Temporary Construction Easement	$ 8,000
Improvements Compensation	$ 12,000
Cost to Cure	$ 121,000
Total Compensation Estimate	$ 1,528,000

ADOT Auditing Breakdown

Land	$ 1,395,000
Improvements	$ 12,000
Severance Damages	-0-
Special Benefits	-0-
Cost to Cure	$ 121,000
Total	$ 1,528,000

Exposure Period

Based on the analysis of the actual marketing times of various comparable sales analyzed for this report, we estimate an exposure time of 6 to 12 months for the subject property. We estimate a marketing period of 6 to 12 months.

The value analysis and conclusions herein are subject to the Limiting and Contingent Conditions included in this report, as well as any assumptions herein.

Steven E. Nagy, MAI

[1] Estimated Remainder Parcel Value, as Part of the Whole, Less the Remainder Parcel Value, After Acquisition. A negative result effectively indicates no severance damages.

[2] Special Benefits may exist, but do not have a bearing on the compensation estimate because they offset only severance damages which do not exist in this analysis; Special Benefits do not offset compensation for the part taken.

Arizona Certified General Appraiser 30136

CERTIFICATION

I certify that, to the best of my knowledge and belief,

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification, except as noted in the opening letter of this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I have completed the continuing education program of the Appraisal Institute.

Steven E. Nagy, MAI

RIGHT OF WAY SECTION
APPRAISAL SERVICES

CERTIFICATE OF APPRAISER

Project Number: RAM 666-7-804/202L MA000/H540101R

Parcel Number: 7-08997

I hereby certify;

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

That I have given consideration to the value of the property the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. This appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, policies and procedures applicable to appraisal of right of way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal may be used in connection with the acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and result of such appraisal to anyone other than the proper officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by proper State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the MARKET VALUE of the acquisition as of the 10 day of June, 2005, is $1,528,000, based upon my independent appraisal and the exercise of my professional judgment.

Date: 6/17/2005 Signature: ______________________

ARIZONA CERTIFIED GENERAL REAL ESTATE APPRAISER #. 30136

A D D E N D A

ARIZONA DEPARTMENT OF TRANSPORTATION

RIGHT OF WAY GROUP

RIGHT OF WAY TITLE REPORT

The undersigned has examined the title to the property described in SCHEDULE A-1 and the record owner is:

FRED T. ASH & SONS, L.C., an Arizona limited liability company

(Statutory Agent: Fred J. Ash, 1510 E. Jasmine St., Mesa, AZ 85203)

Address: Situs: 102 S. 90th St., Mesa, AZ 85208 Mail: 1510 E. Jasmine St., Mesa, AZ 85203-2709

By virtue of that certain: See Chain of Title

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the State of Arizona subject to encumbrances set forth in SCHEDULE B.

SCHEDULE A-1

See attached Exhibit "A"

Contiguous Property: None: ☒ See Schedule A-2: ☐ Not Searched: ☐ Not Applicable: ☐

Encumbrances and Requirements are not included for property in Schedule A-2.

REMARKS: Base Report from Stewart Title & Trust of Phoenix #99113561;

Update of 05-09-03 reflects change of Ownership, Exceptions, Requirements and Chain of Title. AC

Date of Search:	07-30-99	**Examiner:**	Bill Pickett/Stewart Title	**Reviewer:**	Max Brewer/BF
Update to:	05-09-03	**Examiner:**	Angela Clark	**Reviewer:**	PG
Update to:		**Examiner:**		**Reviewer:**	
Tax Assessor:	**218-41-278, 280A & 280B**	**County:**	**Maricopa**	**Title Arb:**	
Project:	**202LMA020H540101R RAM 600-8-804**	**Section:**	**Higley Rd. - U.S. 60 (Univ-Southern) RED MOUNTAIN FREEWAY**	**Parcel:**	**7-8997**

MAY 29 2003

R/W APPRAISAL COPY

EXHIBIT "A"

LEGAL DESCRIPTION

ORDER NO. 99113561

PARCEL NO. 1: (Assessor's Parcel No.: 218-41-278, 280A & 280B)

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION TWENTY-ONE (21), TOWNSHIP ONE (1) NORTH, RANGE SEVEN (7) EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 21, ALSO KNOWN AS THE CENTER OF SAID SECTION 21;

THENCE NORTH 89 DEGREES 56 MINUTES 58 SECONDS EAST, 165.82 FEET, ALONG THE EAST-WEST CENTER SECTION LINE OF SAID SECTION 21, TO THE NORTHEAST CORNER OF THE WEST HALF OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21, SAID POINT BEING THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 89 DEGREES 56 MINUTES 58 SECONDS EAST 1159.31 FEET, ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 21 TO THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21;

THENCE SOUTH 00 DEGREES 03 MINUTES 03 SECONDS WEST, 1320.20 FEET ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21, TO THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21;

THENCE SOUTH 89 DEGREES 56 MINUTES 44 SECONDS WEST, 1325.18 FEET ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21, TO THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21;

THENCE NORTH 00 DEGREES 03 MINUTES 44 SECONDS EAST, 660.18 FEET, ALONG THE NORTH-SOUTH CENTER SECTION LINE OF SAID SECTION 21, TO THE SOUTHWEST CORNER OF THE WEST HALF OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21;

Continued on next page

LEGAL DESCRIPTION CONTINUED
ORDER NO. 99113561

THENCE NORTH 89 DEGREES 56 MINUTES 51 SECONDS EAST, 165.63 FEET, TO THE SOUTHEAST CORNER OF THE WEST HALF OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21;

THENCE NORTH 00 DEGREES 03 MINUTES 39 SECONDS EAST, 660.14 FEET, TO THE POINT OF BEGINNING;

EXCEPT ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED PROPERTY: (APN: 218-41-279)

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 1 NORTH, RANGE 7 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, THIS POINT ALSO BEING THE CENTER QUARTER CORNER OF SAID SECTION 21;

THENCE NORTH 89 DEGREES 66 MINUTES 58 SECONDS EAST, 1324.93 FEET, ALONG THE EAST-WEST CENTER SECTION LINE OF SAID SECTION 21, TO THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21, SAID POINT BEING THE POINT OF BEGINNING;

THENCE SOUTH 00 DEGREES 03 MINUTES 03 SECONDS WEST, 991.80 FEET, ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21;

THENCE SOUTH 89 DEGREES 66 MINUTES 42 SECONDS WEST, 300.00 FEET;

THENCE NORTH 00 DEGREES 03 MINUTES 03 SECONDS EAST, 991.82 FEET, TO A POINT ON THE SAID EAST-WEST CENTER SECTION LINE OF SAID SECTION 21;

THENCE NORTH 89 DEGREES 56 MINUTES 58 SECONDS EAST, 300.00 FEET, ALONG THE SAID EAST-WEST CENTER SECTION LINE OF SAID SECTION 21, TO THE POINT OF BEGINNING.

Continued on next page

LEGAL DESCRIPTION CONTINUED
ORDER NO. 99113561

PARCEL NO. 2:

AN EASEMENT OF A TEMPORARY NATURE FOR PURPOSES OF INGRESS AND EGRESS, 30 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 1 NORTH, RANGE 7 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, THIS POINT ALSO BEING THE CENTER QUARTER CORNER OF SAID SECTION 21;

THENCE NORTH 89 DEGREES 56 MINUTES 58 SECONDS EAST, 1324.93 FEET, ALONG THE EAST-WEST CENTER SECTION LINE OF SAID SECTION 21, TO THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21;

THENCE SOUTH 00 DEGREES 03 MINUTES 03 SECONDS WEST, 321.82 FEET, ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21, SAID POINT BEING THE CENTERLINE INTERSECTION OF 90TH STREET AND THE NORTH ACCESS ROAD TO PARCEL 1 HEREIN, SAID POINT BEING THE POINT OF BEGINNING;

THENCE SOUTH 89 DEGREES 56 MINUTES 47 SECONDS WEST, 300.00 FEET, ALONG THE CENTERLINE OF A 30.00 FOOT WIDE ASPHALT ROAD TO THE EAST LINE OF PARCEL 1, HEREIN.

Note: Termination Date cannot be determined of record.

PARCEL NO. 3:

AN EASEMENT OF A TEMPORARY NATURE FOR PURPOSES OF INGRESS AND EGRESS, 30 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 1 NORTH, RANGE 7 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, THIS POINT ALSO BEING THE CENTER QUARTER CORNER OF SAID SECTION 21;

THENCE NORTH 89 DEGREES 56 MINUTES 58 SECONDS EAST, 1324.93 FEET, ALONG THE EAST-WEST CENTER SECTION LINE OF SAID SECTION 21, TO THE NORTHEAST CORNER OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21;

Note: Termination Date cannot be determined of record.

Continued on next page

LEGAL DESCRIPTION CONTINUED
ORDER NO. 99113561

THENCE SOUTH 00 DEGREES 03 MINUTES 03 SECONDS WEST, 677.86 FEET, ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 21, SAID POINT BEING THE CENTERLINE INTERSECTION OF 90TH STREET AND THE SOUTH ACCESS ROAD TO PARCEL 1 HEREIN, SAID POINT BEING THE POINT OF BEGINNING;

THENCE SOUTH 89 DEGREES 56 MINUTES 47 SECONDS WEST, 300.00 FEET, ALONG THE CENTERLINE OF A 30.00 FOOT WIDE A.B.C. SURFACED ROAD TO THE EAST LINE OF PARCEL 1, HEREIN.

SCHEDULE B

Order Number: 99113561

PART I

Showing matters which will be excepted in the Policy unless the same are disposed of to the satisfaction of the Company.

i. Defects, liens, encumbrances, adverse claims or other matters, if any, created first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.

ii. Subject to the usual printed exclusions and exceptions contained in the regular form of policy, reprinted for reference on the Addendum attached hereto.

The following matters will be excepted in Schedule B of the policy to be issued:

1. Any action, by the Maricopa County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.

2. Taxes for the year ~~1999,~~ 2003 a lien, but not yet due and payable.

3. Right of way for Federal Highway, U.S. PATENT under the Act of November 9, 1921 (42-STAT,212) as reserved in ~~instrument~~ recorded February 24, 1930 in Book 242 of Deeds, page 526, AND DEPICTED ON ROAD MAP @ 3, PAGE 2 OF ROAD MAPS. N. 50 FEET.

DELETE No. ~~4~~ 4. Roadway as shown on plat in Book 3 of Road Maps, page 2. (North 50 feet) SEE #3 ABOVE

5. Resolution of Establishment and Advance Acquisition recorded September 16, 1987 at Recorders No. 87-578095.

6. Easement and rights incident thereto for drainage and retention basin as set forth in instrument recorded October 20, 1994 at Recorders No. 94-0754337.

7. Results of Survey recorded 9-29-99 in Book 513 of Maps, page 16.

REQUIREMENTS

Order Number: 99113561

The County Recorder may not accept documents for recording which do not comply with Arizona Revised Statutes 11-480 which, among other things, requires the following:

a) Print must be ten-point type (pica) or larger.
b) Margins of at least one-half inch along the left and right sides, one-half inch across the bottom, and on the first page at least two inches on top for recording and return address information. (NOTE: Nothing must be contained in the margin areas, including initials.)
c) Each instrument shall be no larger than 8-1/2 inches in width and 14 inches in length.

The following requirements must be met and completed to the satisfaction of the Company before its policy of title insurance will be issued:

DELETED:
No. 9403 ... Release 3-0045090

1. RECORD DEED OF RELEASE AND RECONVEYANCE by CHICAGO TITLE INSURANCE COMPANY, A MISSOURI CORPORATION as Trustee of Deed of Trust dated MAY 31, 1994, recorded JUNE 3, 1994 at Recorders No. 94-0445718 wherein GENTRY PROPERTIES, L.C., AN ARIZONA LIMITED LIABILITY COMPANY as Trustor(s) and O.R. JETER AND VICTORIA JETER, HUSBAND AND WIFE is Beneficiary. (Original amount $585,000.00)

1 ~~2~~. RECORD DEED from (see Record Owner) ~~GENTRY PROPERTIES, L.C., AN ARIZONA LIMITED LIABILITY COMPANY~~, to the parties to be insured herein.

2. Furnish the Arizona Department of Transportation with a copy of the Operating Agreement for BROADWAY MANOR HOMEOWNERS ASSOCIATION.

3. FURNISH REPORT FORM 1099-S for filing as required by the Internal Revenue Service.

Continued on next page

Continuation Page
Requirements
Order Number: 99113561

4. ANY COMPLIANCES altered or substituted in any way must be submitted to the examiner for approval before recording.

NOTE: ~~1998 TAX PARCEL # 218-41-278-9~~
~~# 218-41-280-7~~

NOT sure why there is an unassessed piece of land. Titles has notified the Assessors office.

NOTE: The owner of 218-41-280B is the owner of the unassessed piece as shown on Assessor's Map. There are no current taxes being paid on this unassessed piece. Taxes may be adjusted for back taxes upon the reviewing of the Assessor's office.

TEN YEAR CHAIN OF TITLE

1. TYPE OF DOCUMENT: RTC ARIZONA SPECIAL WARRANTY DEED
   DATED: JANUARY 28, 1994
   RECORDED: FEBRUARY 1, 1994
   INSTRUMENT NO.: 94-0088962
   RE-RECORDED: JUNE 3, 1994
   INSTRUMENT NO.: 94-0445715
   GRANTOR: RESOLUTION TRUST CORPORATION, AS CONSERVATOR OR RECEIVER FOR WESTERN SAVINGS AND LOAN ASSOCIATION, F.A. AND RESOLUTION TRUST CORPORATION, AS CONSERVATOR OR RECEIVER FOR WESTERN SAVINGS AND LOAN ASSOCIATION, F.A., AS SUCCESSOR IN INTEREST TO, AND SOLE SHAREHOLDER OF, WESTERN LAND MANAGEMENT, INC., A DEFUNCT ARIZONA CORPORATION
   GRANTEE: WEST COAST LAND FUND, L.P., A DELAWARE LIMITED PARTNERSHIP

2. TYPE OF DOCUMENT: SPECIAL WARRANTY DEED
   DATED: ~~JANUARY 28, 1994~~ 12-21-93
   RECORDED: FEBRUARY 1, 1994
   INSTRUMENT NO.: 94-0088963
   RE-RECORDED: JUNE 3, 1994
   INSTRUMENT NO.: 94-0445716
   GRANTOR: WEST COAST LAND FUND, L.P., A DELAWARE LIMITED PARTNERSHIP
   GRANTEE: O.R. JETER AND VICTORIA JETER, HUSBAND AND WIFE, AS JOINT TENANTS WITH RIGHT OF SURVIVORSHIP

3. TYPE OF DOCUMENT: WARRANTY DEED
   DATED: MAY 31, 1994
   RECORDED: JUNE 3, 1994
   INSTRUMENT NO.: 94-0445717
   GRANTOR: O.R. JETER AND VICTORIA JETER, HUSBAND AND WIFE
   GRANTEE: GENTRY PROPERTIES, L.C., AN ARIZONA LIMITED LIABILITY COMPANY

CHAIN OF TITLE CONTINUED

4. Warranty Deed from Gentry Properties, L.C., Grantor, to Fred T. Ash & Sons, L.C., Grantee, dated 1-5-96, recorded 4-28-00 in Document No. 00-0325665 and re-recorded in Document No. 2000-0510557, to correct the legal description.
   (Assessor's Parcel No. 218-41-280A)

5. Warranty Deed from Gentry Properties, L.C., Grantor, to Tressa Ash, a single woman and Fred J. Ash, a single man, Grantee, dated 1-1-99, recorded 4-28-00 in Document No. 00-0325668.
   (Assessor's Parcel No. 218-41-278 & 280B)

6. Warranty Deed from Tressa Ash, a single woman and Fred J. Ash, a single man, Grantor, to Fred T. Ash & Sons, L.C., Grantee, dated 1-1-99, recorded 4-28-00 in Document No. 00-0325669.
   (Assessor's Parcel No. 218-41-278 & 280B)

A D D E N D A

COMPANY PROFILE

APPRAISERS QUALIFICATIONS

COMPANY PROFILE
NAGY PROPERTY CONSULTANTS, INC.

Nagy Property Consultants, Inc. is a real estate appraisal and consulting firm in Phoenix, Arizona, which assists in the real estate and lending decision process of banks, life insurance companies, mortgage brokers, owners, asset managers, pension fund advisors, attorneys, tenants, etc., regarding valuation and analysis of a wide spectrum of properties. The specific scope of services includes:

Real Estate Appraisal
Expert Witness Testimony
Highest and Best Use Analysis
Project Marketability Analysis
Real Estate Appraisal Review

Areas of Expertise:

Apartments	Vacant Land
Office Buildings	Subdivision Analysis
Medical Office Buildings	Single Family Residences
Retail Projects	Special Use Properties -
Distribution Industrial Buildings	Auto Centers, Churches, Military Bases,
Office Warehouse Buildings	Hotels, Golf Courses, Mini Storage, RV
	Resort Parks, etc.

Geographic areas principally involve the Phoenix metropolitan area, additional Arizona locations such as Tucson, Flagstaff, Sedona, Prescott, and Payson, plus selected areas of California and Nevada.

Background of the Principal - Steven E. Nagy, MAI, CCIM:

MAI Designated Member, Appraisal Institute
MBA Degree, Arizona State University
CCIM Designated Member, Commercial Investment Real Estate Institute
Arizona Certified General Real Estate Appraiser 30136
Appraisal office in Phoenix, Arizona, since 1977, with a research and appraisal staff utilizing a wide array of information services, and contemporary analytical techniques.

Business Affiliations/Clients:

Local and national major lending institutions operating in Arizona
Real Estate Trust and Pension Fund Advisors
Attorneys - Bankruptcy, Condemnation, Divorce Settlement Property Analysis
A wide variety of local and national real estate development entities
Government agencies and private parties - Condemnation Acquisition Analysis
A specific list of clients served by the appraisers in the firm are listed on the next page.

COMPANY PROFILE
NAGY PROPERTY CONSULTANTS, INC. (Continued)

The following is a partial list of clients served by the firm:

Bank One	Northland Financial Co.
Bank of America	Sunrise Mortgage & Investment
Wells Fargo Bank	Catalina Mortgage
Chase Bank	Balcor
M & I Thunderbird Bank	Keystone Mortgage Partners
Fleet Bank	Eberhardt Company
KredietBank	WMF Robert C.Wilson
Trammel Crow Company	GMAC Commercial Mortgage
JMB Institutional Realty Corp.	Kenwood Mortgage
Harris Trust Bank	Del E. Webb Corp.
Aid Association for Lutherans	American Capital Resources
First National Bank of Chicago	J.E. Robert Co.
Allstate Insurance Company	TRI Financial
ReliaStar (American Mutual) Insurance Co.	Money Store Investment Corp.
Standard Insurance Company	Auto-Owners Insurance Company
State Farm Insurance Co.	PFC Corporation
CUNA Mutual Life Insurance	CitiBank
Kansas City Life Insurance	Reywest Development Company
General Electric Financial Assurance	Resolution Trust Corporation
Federal Deposit Insurance Corporation	Bureau of Land Management
General Services Administration	Washington Square Capital
City of Phoenix	Federal Aviation Administration
City of Glendale	City of Tempe
City of Scottsdale	Arizona Department of Transportation
Maricopa County Dept. of Transportation	O'Connor Cavanaugh
Sundt Corp.	Phoenix Union High School District
Warner Angle Roper & Hallum	Treon Strick Lucia & Aguirre
Glover & Van Cott	Poli & Ball
Tielborg, Sanders & Parks	Fennemore Craig
Dushoff and McCall	Gust Rosenfeld
Tishman West Management Co.	Pinnacle Peak Development Co.
Discount Tire Co.	Roadway Express Co.
Weyerhaeuser Mortgage Co.	Big O Tires, Inc.
United States Department of Agriculture	Trinity Broadcasting Network
GPM Life Insurance	General American Life Insurance Co.
Argent Financial Corp.	Blue Cross/Blue Shield of Arizona

Contact:

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Nagy Property Consultants, Inc.
2415 East Camelback Road, Suite 700
Phoenix, Arizona 85016-4245
(602) 995-1900 FAX: (602) 995-8216

QUALIFICATIONS OF STEVEN E. NAGY, MAI

General Education

Master of Business Administration Degree, Arizona State University,
Tempe, Arizona, 1977

Bachelor of Arts Degree, Business Administration, Michigan State University,
East Lansing, Michigan, 1976.

Professional Membership/Qualification

MAI Member, Appraisal Institute,
Member Appraisal Institute Designation (1983), currently certified.
Regional Member, Professional Standards Panel.

Certified General Real Estate Appraiser 30136, State of Arizona

CCIM Designated Member, Commercial Investment Real Estate Institute

Phoenix Board of Realtors

Arizona Association of Realtors

Licensed Real Estate Salesman, State of Arizona

Qualified as an Expert Witness in Superior Court of Maricopa County, Arizona,
and United States Federal Bankruptcy Court.

Appraisal Experience

1986 to Present - Principal of Nagy Property Consultants, Inc., Phoenix, Arizona. Specializing in the appraisal and marketability analysis of office, retail, industrial, and apartment properties, plus master planned sites, vacant land, and residences, for lending, development consulting, and litigation support purposes.

1977 to 1986 - Staff Appraiser and Consultant for Ryan and Associates, Inc., Phoenix, Arizona. Appraisal of all types of properties with emphasis on commercial, industrial, and multiple-family income producing properties, plus vacant land and single-family residences.

Appraisal Education

The following is a list of appraisal courses and seminars attended:

- Fundamentals of Real Estate Appraisal
- Case Studies in Real Estate Valuation
- Income Capitalization
- Statistical Analysis
- Real Estate Law
- Financial Spreadsheet/DCF Analysis
- Hotel/Resort Valuation
- RTC/FDIC Regulations
- Water Rights
- Low and Moderate Income Housing
- Risk Analysis
- Litigation Valuation
- Business Valuation
- Fair Lending
- Uniform Residential Appraisal Report
- Environmental Factors in Appraisal
- Standards of Professional Practice -A&B
- Geographic Information Systems
- Subdivision Analysis
- Americans with Disabilities Act
- Economic Forecast (Annually)

QUALIFICATIONS OF HOWARD S. MARSHALL

General Education

Bachelor of Arts Degree, Secondary Education, (minor in Architecture)
Arizona State University, Tempe, Arizona, 1967

Professional Membership-Qualification

Certified General Real Estate Appraiser 30734, State of Arizona
Arizona Association of Realtors, GRI designation
Scottsdale Board of Realtors
National Association of Realtors
Licensed Real Estate Agent, State of Arizona

Appraisal Experience

1990 to Present - Commercial Appraiser, Nagy Property Consultants, Inc. Analytical and research assignments involve apartment complexes, retail centers, office complexes, industrial buildings, recreational vehicle parks, subdivisions, and vacant land.

Appraisal Education

Advanced Income Capitalization - Appraisal Institute, June, 1995
Appraisal Procedures - Appraisal Institute, July, 1993
Standards of Professional Practice, Part A & Part B - Appraisal Institute, February, 1992
Capitalization Theory & Tech. Part A - American Institute of Real Estate Appraisers, October, 1990
Residential Valuation - American Institute of Real Estate Appraisers, February, 1990
Real Estate Appraisal Principles - American Institute of Real Estate Appraisers, February, 1990
Appraising the Single-Family Home - Professional Institute of Real Estate, January, 1990
Real Property Valuation - Arizona School of Real Estate, November, 1989
Additional Seminars, 1979 - Present, covering topics such as real estate law, sales, financing, environmental issues, fair housing, management, and computer applications.